

FINANCIAL TIMES

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Thursday August 29 1985

D 8523 B

Argentines learn to
live with low
inflation, Page 3

Asia	Sch 10	Indonesia	Rp 2500	Portugal	Esc 10
Bahamas	Dm 1.550	Italy	L. 1300	S. Africa	R 6.00
Belgium	Bfr 4.2	Japan	Y 550	Singapore	S\$ 4.10
Canada	C\$ 1.20	Jordan	Pd 550	Spain	Pta 110
Ceylon	C\$ 200	Kuwait	Kd 500	Switzerland	Sfr 2.20
Denmark	Dkr 7.25	Laos	L 8.00	Taiwan	Nt 95
Egypt	E£ 1.00	Lebanon	L 8.00	Thailand	Th 5.00
France	Ffr 6.00	Malaysia	M 4.25	Turkey	L 1.20
Germany	Dm 2.20	Mexico	Ps 20	U.A.E.	Dh 6.50
Greece	Dr 170	Norway	Nkr 6.00	U.S.A.	\$ 1.00
Hong Kong	Hk\$ 12	Philippines	P 20		
India	Rs 16				

World news Business summary

Kohl sacks Reagan head of secret service

West German Chancellor Helmut Kohl dismissed secret service chief Herbert Hellenbroich after top spy-catcher Hans Joachim Tiege died of East Berlin.

At the same time, reports surfaced of another incident involving a high official in the counter-espionage service.

In London, an East German couple were remanded in custody on charges relating to passports under laws. Another German couple were arrested in Switzerland on suspicion of spying for East Germany. Page 4

U.S. cool on treaty

The U.S. reacted coolly to a proposal for early talks on a comprehensive nuclear test ban treaty supported by the Soviet Union and other nations. Page 4

Moscow probe

A four-member team of U.S. doctors and scientists arrived in Moscow to investigate Washington's charges that KGB security police used a potentially dangerous chemical to keep track of American diplomats.

Bombay holds Tamil

A Sri Lankan Tamil leader was detained at Bombay airport returning to India five days after he had been deported from the country. Page 2

Bhutto warns

Pakistani opposition leader Benazir Bhutto warned the country's military Government that people would rise up to fight against martial law.

Lebanese freed

Israel released 113 Lebanese detainees, whose freedom was demanded in June by the hijackers of a Trans World Airlines aircraft.

Bomb kills 15

A suicide car bomber attacked Israeli-backed militiamen in south Lebanon, killing about 15 people. Page 2

Three held for killing

El Salvador's President Jose Napoleon Duarte said three people had been captured in connection with the June machinegun killing of 13 men, including four U.S. marines, at a pavement cafe.

Spanish hoaxes

Bomb hoaxes stopped an airliner and eight trains in Spain. In Barcelona police defused a bomb outside a government employment office after a warning by the Catalan separatist group Terra Lliure.

HK fraud trial

Peter Sacks, former chairman of the Hong Kong Commodities Exchange, was committed for trial in Hong Kong on 21 charges of fraud and theft.

Kidnapper jailed

A 22-year-old West German was jailed for 3½ years in Chur, Switzerland, for kidnapping in January the grandson of West German publisher Axel Springer.

France sets date

France said regional elections would be held on September 29 in New Caledonia, setting in motion a plan to move the Pacific territory towards independence over the next three years.

French protest

Left-wing demonstrators dug up part of the track at Bordeaux station to stop a train carrying car factory equipment from northern France to Spain.

Palace coup

India's Finance Ministry seized marble palaces in Mysore and Bangalore from an ex-Maharaja to recover unpaid tax.

Reagan will not curb shoe imports

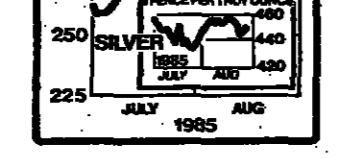
SHOES: President Ronald Reagan denied U.S. manufacturers the protection against foreign imports which they had been seeking for more than a year and which the U.S. International Trade Commission had recommended that they receive. Page 5

WESTINGHOUSE ELECTRONIC

The Pittsburgh-based conglomerate put its U.S. cable television business up for sale in a move that could raise over \$2bn. The group also plans to spend up to \$1bn buying back up to 25m of its outstanding shares in a major corporate restructuring. Page 13

WALL STREET: The Dow Jones

industrial average closed 8.82 up at 1,331.09. Page 30



GOLD and platinum prices rose in response to closure of financial markets in South Africa, where half the world's gold and 80 per cent of the world's platinum are mined. In London, gold closed \$325 an ounce up at \$340 and platinum ended at \$342.25, up \$10.25. By contrast, silver, which normally moves in tandem with gold, has remained largely unchanged because it is mined mostly outside South Africa. The London spot price rose from 452.2p a troy oz to 456.15p. In New York the October Comex settlement was \$342.80. London metal prices, Page 22

TOKYO shares were mixed

Nikkei-Dow market average closed 5.81 down at 12,655.30. Page 30

LONDON featured sharp falls

South African shares although most domestic blue chips finished unscathed. The FT Ordinary index gained 1.2 to 991.4. Gilts firmed. Page 30

DOLLAR ended in New York at DM 2.7718

It was weaker in London, closing at DM 2.7710 (DM 2.7693). SwFr 2.267 (SwFr 2.2665). FFf 4.8225 (FFf 4.815) and Y236.9 (Y237.35). On Bank of England figures, the dollar's index fell from 136.5 to 136.4. Page 22

STERLING ended in New York at \$1.4830

It gained 85 points against the weaker dollar in London to close at \$1.492. It also improved to DM 3.625 (DM 3.58), FFf 11.86 (FFf 11.8475) and Y238.35 (Y238.0). SwFr 2.267 (SwFr 2.2665). The pound's exchange index rose to 82.5 from 82.1. Page 22

INTELSAT, the international telecommunications co-operative,

signed a memorandum of understanding with the Soviet Union for the exchange of operational, technical and financial information.

INTERNATIONAL THOMSON, Canadian publishing to energy group,

suffered a drop in net earnings to \$41m (\$38.5m) in the half-year to June 30 from \$58m in the same period last year. Page 13

CATHAY PACIFIC Airways' new charter services from Hong Kong to Peking have been cancelled by China.

GULF CANADA oil group announced it will cease operations at its Montreal refinery and supply Quebec and Maritime customers from other sources.

MIM HOLDINGS, Queensland-based mining concern, had an overall loss for the year to June 30 of A\$18.3m (\$12.8m) but was comforted by a first-quarter net profit of A\$33.6m. Page 15

Pretoria may seek credits linked to gold swap facility

BY OUR OWN CORRESPONDENT IN JOHANNESBURG

THE SOUTH AFRICAN Government is expected to attempt lines of credit from foreign central banks, possibly allied to a gold swap facility, during the five-day suspension of foreign exchange and share market dealings which began yesterday.

Economists and bankers also believe that Pretoria will be forced to reimpose some exchange control measures to stabilise the rand, which fell on Tuesday to a record low of 35 U.S. cents before trading was suspended.

Dr Gerhard de Kock, the governor of the South African Reserve Bank, the central bank, is expected to arrive in London today on the first stage of a European trip. He is likely to meet officials at the Bank of England to discuss the country's debt, and then to go on to West Germany and Switzerland.

It is not known whether Dr de Kock will visit the U.S., where banks have been reluctant to roll over and extend maturing loans to South African borrowers following the domestic political unrest and growing international pressures for economic sanctions against the country. South Africa now faces repayments of more than \$12m over the next year.

Pretoria is thought to be considering a four-pronged approach, including emergency short-term borrowings from foreign central banks, attempts to persuade some central banks to pressure their member banks into renewing credit lines to South Africa, direct approaches to the major money-centre U.S. banks to maintain their lending and some reimposition of exchange controls.

There is disagreement as to whether the two-tier rand foreign exchange system will be revived. Some economists thought there would be a need for measures aimed at reducing the outflow of funds via the Johannesburg stock exchange as foreign investors sell off their equities and gilts.

Stock market turnover exceeded \$58m on Tuesday compared with \$21m on Monday and a "normal" daily turnover of \$15m.

The temporary closure of the foreign exchange markets has meant that only limited dealings have been allowed, with dealers being told that foreign transactions already concluded could be finalised but that no new business could be undertaken.

Bankers in Europe believe, however, that it may prove very difficult for South Africa to win support from central banks for any new lines of credit.

The Bank for International Settlements in Basle, to which it would naturally turn for such assistance, has adopted a policy of resisting such loan requests. It would be unlikely to change this in such a politically sensitive case as that of South Africa.

For similar reasons, many central banks are unlikely to want to exert too much public pressure on commercial banks to continue lending to South Africa. Such pressure would depend on how greatly they feel the banking system as a whole is threatened by developments there.

Stewart Fleming adds from Washington: Concern that action by U.S. banks to withdraw funds from South Africa could undercut the Reagan Administration's policy of constructive engagement with the white-ruled state is forcing officials in Washington to consider their response to the deepening financial problems there. No decisions had

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How Pretoria came close to debt default, Page 2; Editorial comment, Page 10

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Carbide plans share buy-back, \$990m charge

By Terry Dodsworth in New York

UNION CARBIDE, the beleaguered U.S. chemicals company, will take a pre-tax charge of about \$990m this year and buy back about 14 per cent of its equity as part of a sweeping reorganisation plan to protect itself from any takeover.

Disclosure of the proposals, which had been widely expected on Wall Street, follows the revelation that the GAF chemicals and roofing materials group has built up a stake of more than 7 per cent in Carbide.

Several speculative investors are said to have expressed an interest in the group since the slump in its share price late last year. The company's shares plummeted at that time to \$35½ because of its liability for insurance claims for victims of the Bhopal gas disaster in India.

More recently, the shares have recovered because of the takeover talk, trading at \$55½ yesterday soon after the announcement of the plan. But the company has looked even more vulnerable to takeover following chemical leaks and criticisms of inadequate management at its West Virginia plant.

In 1984, Carbide earned \$323m or \$4.50 a share on sales of \$9.5bn.

Outlining the restructuring programme yesterday, Mr Warren Anderson, chairman, said that the after-tax impact of the charges would amount to about \$8 a share this year, or the equivalent of about \$560m. However, he expected the reorganisation to cut costs by about \$300m in pre-tax earnings.

The new restructuring follows an earlier decision to reshuffle Carbide's businesses into two main operating divisions. The plan includes:

- A 15 per cent salary reduction (4,000 jobs) by early 1986, to save \$250m a year.
- Divestiture of "non-strategic" businesses and assets to yield approximately \$500m.
- Additional spending on environmental protection and safety. About 100m has been authorised in addition to the 120m already committed for 1985.
- Changes aimed at tapping the corporation pension plan, which is currently overfunded, to yield about \$500m of surplus funds.
- An open market share repurchase programme covering up to 10m shares, which would cost about \$550m, and a related debt reduction plan.

Writeoffs and writedowns of certain assets, mainly in the petrochemical and metals and carbon products areas. The writeoffs would result in non-recurring charges of about \$865m, while reducing future depreciation by some \$550m a year.

In the black township of Guguletu, army units used tear gas, rubber bullets and shotguns to break up crowds of as many as 1,000 who lined the streets.

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Lagos set to review oil barter policy

BY PATTI WALDMEIR IN LONDON

NIGERIA'S controversial policy of counter-trading oil for goods is to be "reviewed" by the new military regime, Maj-Gen Ibrahim Babangida, the country's new leader, has announced.

In addition, the regime, which took power in a coup on Tuesday morning, is believed to be planning early contacts with the International Monetary Fund (IMF) in Washington following years of argument over the conditions attached to a proposed \$2.5bn IMF loan to Nigeria.

A key condition laid down by the IMF has been a devaluation of the naira, a move long opposed by successive Nigerian governments. The new regime, however, is believed to be willing to agree to this.

The ousted regime of Maj-Gen Muhammadu Buhari had been at loggerheads with the IMF virtually since taking power on December 31 1983 over the issue of conditions attached to the proposed loan.

In his first address to the nation on Tuesday, Gen Babangida pledged to try to break this deadlock, and it is believed the new regime might be willing to agree to a devaluation of the naira, a key condition of the loan which has been opposed by Nigerian rulers for several years.

Gen Babangida's address included two important indicators of possible economic policy changes:

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OVERSEAS NEWS

Suicide car bomber kills 15 in attack on SLA position

BY OUR FOREIGN STAFF

A SUICIDE car bomber yesterday attacked Israeli-backed militiamen in south Lebanon after Israeli troops stormed Shiite Muslim villages and 113 Lebanese and Palestinian prisoners were freed from Atik jail in Israel.

About 15 people, including members of the South Lebanon Army (SLA) militia, were killed or wounded when a car rigged with 500 kg (660 lb) of explosives rammed an SLA post between the villages of Bardi and Rimat near the SLA-held Christian town of Jezine.

State-owned Lebanese television said the attack was carried out by a member of the "Assad Brigade" of the Lebanese branch of the Arab Ba'ath Party, named after Syrian leader Hafez al-Assad.

Witnesses said the blast was followed by heavy shooting from SLA positions and added they saw three Israeli tanks with covered faces and a fourth motionless on the ground.

Earlier, Israeli troops backed by tanks, armoured cars and helicopter gunships entered several Shiite Muslim villages on the edge of the SLA "security zone."

In Jerusalem the Israeli army said it had acted in response to the recent killings of two Israeli soldiers in south Lebanon and a rocket attack on northern Galilee launched from the same area two days ago.

An official statement said that, following searches in the vil-

lages of Kabricha, Majd el Salim and Shakra, adjacent to the "security zone," several suspects had been detained and various weapons found, including rockets, roadside charges and bombs.

The action had been taken, the statement added, "to prevent hostile activity against northern settlements."

A spokesman for the UN's United Forces in south Lebanon said that the Israeli raid had been carried out at dawn by two mechanised companies supported by Cobra helicopter gunships. Nine to seven villagers were reportedly arrested and one house blown up. Bullets were fired from the air into the surrounding hillsides, and one man was shot in the leg when he refused to open his door to Israeli troops.

Ghassan UN troops, in whose area the Israeli action took place, were denied access to the villages affected until after the departure of the Israeli forces.

The prisoners freed from the Israeli jail returned to Lebanon by sea. The Israeli army said it had taken 66 Palestinian prisoners from the Red Cross buses and cars, bundled into Amal cars and driven to undisclosed destinations. Most of the other prisoners were members of the radical Shi'ite Hezbollah, or Party of God.

Politician denies Japan holding down yen value

By Carla Rapoport in Tokyo

ONE OF Japan's leading politicians has written a letter to Mrs Margaret Thatcher, the Prime Minister, in protest against her recent claims that Japan is artificially holding down the value of the yen.

Mr Susumo Nakai, deputy to Prime Minister Yasuhiro Nakasone in Japan's ruling Liberal-Democratic Party, has said that Japan is "definitely not" intent on keeping the yen weak. Japan was hoping for a further appreciation of the yen against foreign currencies, he added.

Mrs Thatcher made her claim at a meeting of the International Democratic Union in Washington last month. Foreign analysts have long accused Japan of keeping domestic interest rates low so that the yen will remain weak and so hold down the cost of Japan's exports abroad. Excerpts of Mr Nakai's letter were published yesterday in the Nihon Keizai Shimbun, one of Japan's leading newspapers.

"Japan wants the yen's rate to reflect the fundamental strength of the Japanese economy," the letter states. "It is not so much a question of the yen being weak as of the dollar's continuing strength," Mr Nakai adds.

Remark on Japan's huge capital outflow, largely to the U.S., where interest rates are higher than those in Japan, Mr Nakai adds: "Given the current freedom of capital transactions it is understandable that there should be a flow of capital to the U.S. It is impossible for the Government effectively to control these capital movements."

Korean talks halted

Prospects of a positive dialogue between North and South Korea dimmed yesterday when the two sides abruptly ended Red Cross talks in Pyongyang but exchange visits by separated families are expected to go ahead, Reuter reports from Seoul.

The Red Cross delegations accused each other of using the talks for political purposes after the South Korean team walked out of a gymnastic display at Pyongyang's Moranbong stadium where 50,000 North Korean students, brandishing rifles and shouting war-like slogans, staged a mock battle.

Chinese fraud alleged

Chinese companies have milked the government of at least 4.6bn yuan (\$1.15bn) through fraud, waste and tax evasion over the last two years, the China Daily said yesterday, Reuter reports from Peking.

Punjab poll boycott

A militant Sikh group led by the father of slain extremist leader Jarnail Singh Bhindranvale said yesterday it would boycott next month's Punjab elections. Reuter reports from New Delhi.

Uganda talks planned

Delicate talks between the new Ugandan military leaders and the country's biggest guerrilla group will probably resume next week, authoritative sources said yesterday. Reuter reports from Nairobi. The sources declined to disclose details of the two days of talks so far between the National Resistance Army rebels and the military government.

The tide of violent opposition to apartheid is rising as Pretoria's international financial crisis deepens

Fires of unrest spark challenge for ANC

BY PATTI WALDMER



Demonstrators grabbed by police yesterday in a Cape Town coloured township

WHEN Mr Oliver Tambo, the soft-spoken lawyer who is president of the African National Congress (ANC) of South Africa delivered his reaction to President P. W. Botha's much-heralded Durban reform speech, his response was perhaps predictable. The armed struggle against apartheid would intensify and "many white people" would die as a result.

The congress, the leading anti-apartheid movement fighting white rule, has been waging a propaganda campaign for the past 18 months to urge township dwellers to "make the country ungovernable."

During that time, numerous townships have indeed become ungovernable. Homes of black councillors and policemen have been firebombed, those who "collaborate" with the apartheid authorities have been murdered and the security forces prevented from entering many areas without armed protection.

The official line from Lusaka is that the chaos which prevails in many townships is the concrete result of ANC agitation, but officials acknowledge privately that their direct influence on events is limited, and that volatile conditions in the townships evolve at a rate over which neither they nor anyone else has much control.

Almost a year of escalating violence in black townships has presented the ANC with what appears to be the most important challenge of its 75-year history. Faced with a rising tide of violent opposition to apartheid over which the organisation has little direct control, observers believe the ANC must broaden its political and military base within the republic or risk the prospect of seeing events take their own course.

After 25 years of relying on well-trained guerrillas to launch controlled attacks from relative safety, the ANC's strategy has had to change fundamentally in response to an unprecedented level of violence in townships, where flash fires of unrest are ignited almost daily.

"It is no longer a question of fighting for lower fares or rents," says one ANC official in Lusaka. "The battle in the townships has become a full-scale confrontation over who in fact rules."

Officials believe the internal situation in South Africa now is more ripe for change than at any time in the country's history. The ANC's answer to the question of how to exploit this situation will be critical in determining not only the future role of the organisation but, most probably, the overall course of events in the republic.

Tactics were a central issue when 250 ANC delegates, including commanders of Umkhonto we Sizwe, the ANC military wing, gathered in the Zambian mining town of Kabwe last June for an extraordinary "council of war," the first such conference since 1969.

The mood was jubilant, because the past 18 months have brought about a striking shift in the fortunes of the organisation.

The ANC was banned in 1960 and by 1961, when Umkhonto we Sizwe was created, it had turned away from a policy of

non-violence to adopt guerrilla tactics.

The present strength of Umkhonto we Sizwe (the spear of the nation) is estimated at anywhere between 2,000 and 3,000. Recruitment received a large boost after the Soweto riots of 1976, when thousands of young township dwellers are believed to have left for military training abroad.

A group of more radical, and more impatient younger Congress members has since played an increasingly important role in the organisation, although the ANC's top leadership, dominated by the much older generation of imprisoned leader Mr Nelson Mandela, still appears firmly in control.

The organisation's fortunes dropped to their lowest point in March 1984 when Maputo and Pretoria concluded the Nkomati non-aggression pact, which led to the expulsion of the ANC from Mozambique. Nkomati was a serious defeat, removing the ANC's only diplomatically secure jumping point for incursions into the republic.

Ironically, however, it is the Nkomati accord which acted as

a catalyst to persuade black South Africans that, in the words of one Soweto resident, "the ANC would not be marching on Pretoria to liberate us."

ANC leaders argue that, although there have been periods of sustained violence before in South African history, the present situation is qualitatively different. Coupled with a serious economic crisis and black unemployment at unprecedented levels, the demonstrable willingness of young black militants to die for a hastily-perceived cause—the destruction of the apartheid system, without putting much clear thought into what would replace it—has created conditions which require a new response from the ANC.

The Kabwe congress sketched out that response. Its most publicised conclusion was a shift in its military strategy: the ANC's definition of legitimate targets would henceforth extend beyond military and economic installations to include so-called "soft targets."

Less publicised ANC decisions, however, could arguably have a more far-reaching impact on the organisation's over-

all effectiveness in the republic. There will be a newly-intensified focus on strictly political activities. ANC officials appear to be seeking a greater role for the organisation in the increasingly powerful trade union movement and in the plethora of community-based associations which heavily influence events in the townships.

The United Democratic Front (UDF), the powerful non-racial coalition of such community groups, has recently become a prominent political force. It counts many ANC veterans among its members, although its leadership denies South African charges that it is an ANC front.

The congress also reaffirmed the ANC's commitment to its non-racial charter with the election for the first time of non-blacks to the executive and membership of the executive, which now has one white, two Indian and two coloured (mixed race) members.

The white member is Mr Joe Slovo, a former lawyer and member of the South African Communist Party, who is believed to be a key military strategist.

There can be little doubt that there is evidence within South Africa of widespread black nationalist movement; or at least to the group's symbols, its black, green and gold banner which shrouds many township coffins, and the Nelson Mandela and Oliver Tambo which burst forth at township funerals.

There is also ample evidence from recent public opinion polls among blacks, that Mr Mandela remains their chosen leader.

There is little sign, however, that the ANC is prepared to launch the co-ordinated nationwide assault against apartheid, on both the political and military fronts, which officials believe is necessary to bring about fundamental change.

According to one South African academic: "A bomb a week does not add up to a full-scale guerrilla war... but it could be reasonably contended that the ANC has largely won the ideological battle."

The killing ground of Trincomalee

Alain Cass takes a bicycle ride to meet the Tamil Tigers

The Sri Lankan Government decided yesterday to raise new reserve forces to help the military in the battle against Tamil separatist guerrillas, a government spokesman said, Reuter reports from Colombo.

Information Minister Anura Kumara de Silva said draft laws would also provide for "obligatory service and voluntary service" in the new National Armed Reserve.

The announcement came as residents of the northern town of Jaffna observed a two-hour strike in protest against the expulsion of two Tamil leaders by India and demanding the release of detained suspected guerrillas.

guttered ruins of two houses testified.

At the road block, two bicycles were produced by help residents from the Financial Times and the BBC. We set out across no-man's land, negotiating a bridge which had been largely destroyed by the guerrillas last week, to reach the edge of an area of around 350 square miles which appears entirely in the hands of the Liberation Tigers of Tamil Eelam.

Trincomalee has a peculiar importance in this unpleasant little war because of its deep-water harbour which sits astride the sea lanes of the Indian Ocean. In its time it has been used by the West and coveted

both by the Soviet Union and India. Sri Lanka intends to hold on to it at all costs.

Tamil separatists claim it as their own along with the Jaffna peninsula in the north even though the city has a mixed population of Tamils, Sinhalese and Moors.

Thousands—mostly Tamils—have fled the city, as Sinhalese mobs with the tacit, and occasionally active, support of the armed forces have backed people to death, looted their shops and burnt their houses.

The city is caught in a dangerous spiral of violence in which Tamil attacks are followed by Sinhalese reprisals which in turn provoke further separatist incidents. Tension

has been mounting since the disappearance two weeks ago of 37 Sinhalese fishermen.

Tourists, with their desperately needed foreign currency, usually much in evidence at this time of year, have vanished. All but two of the dozens of hotels are shut, and Trincomalee is deserted, economically destitute, tense and sometimes hostile.

By contrast, the area controlled by the Tigers seems calm. A local unit commander of the Tigers, and another guerrilla, whom we reached on our bicycles, gave us a guided tour of the area on motorcycles, cradling hand grenades in their laps for our security, according to commander Vijay.

Between 10,000 and 12,000 Tamil refugees have crossed into the Tigers' zone, to fill four makeshift refugee camps. Food is scarce and local health officials claim the Government is only supplying the camps with three days' rations for a week. "The refugees eat one meal a day and sometimes none. We have no medicines, and no beds to treat the sick," said a local doctor.

At the camps refugees told harrowing stories of intimidation. One woman claimed her sister had been shot while trying to leave her home which was under attack. She and other independent sources in Trincomalee claim that the army and police stood by two days ago when a number of Tamil houses near the city were set ablaze by Sinhalese mobs.

Senior army officers deny that their men have indulged in widespread abuses although they admit to some misbehaviour. For the time being the army does not seem to have the strength or the political will to take on the Tigers, around Trincomalee. This may change as the peace talks currently taking place in New Delhi break down irretrievably. However, for the time being, Tiger commander Vijay seems justified in claiming that "we can hold on to the area as long as we want."

For the present South Africa's best option lies in some pretty hard horse trading. One bank economist in Johannesburg estimates that if South Africa entered into a \$1bn swap with other central banks and/or arranged direct credit lines with other central banks which permitted it to service and repay its short-term borrowings on time, essentially, of course, that would mean central banks accepting leading risks which commercial banks in their own or other countries are unwilling to bear, something the U.S. Federal Reserve has been reluctant to allow over Latin American crises.

Special direct assistance by the U.S. Federal Reserve would almost certainly elicit calls from American anti-apartheid groups for corresponding political concessions from an increasingly obsolete South African Government.

The most likely immediate outcome of domestic and foreign negotiations over the next few days will be extension of additional central bank facilities to the South African Reserve Bank combined with persuasion of foreign commercial banks to continue rolling over current lines of credit.

This, though, will be a temporary palliative. Longer term the peace talks, the problem of the continuing capital flight which threatens the country's economic recovery. For the present, bankers in Johannesburg stick to the view that the current measures are necessary to support South Africa for fear that a default would trigger off a set of precedent for defaults by other debtor nations.

South Africa is a comparatively small borrower by Latin American standards. However, if it were to halt loan repayments without rescheduling the balance sheets of several major commercial banks could be badly damaged.

ENERGY AND RESOURCE INVESTMENTS SLOW TO PAY OFF

Worries surface over the size of Australia's external debt

BY MICHAEL THOMPSON-NOEL IN SYDNEY

At present, Australia's total public debt is \$226.1bn. This includes federal Government borrowing, as well as those of Government-owned or controlled enterprises such as the Australian Wheat Board, Qantas, and the various state authorities.

Private debt, including private non-monetary sector borrowings, is a further \$100.4bn. Total gross debt of \$326.5bn. Subtract official reserve assets (\$13.5bn), and Australian lending overseas (\$22.9bn), and the net figure is \$190.1bn.

As a result, debt-servicing obligations (interest plus capital repayments) have risen from 8.3 per cent of exports in 1979-80 to 33.6 per cent at June 1985.

According to the Government, the major factor leading initially to the jump in the current account deficit and gross external debt was the surge in private investment in energy and resource-related projects in the early 1980s.

There had been earlier occasions when the "Lucky Country" tapped foreign capital to finance big resource projects. But the last time this happened (a decade or so earlier) the new facilities, and the exports they generated, worked fairly quickly to lower the current account deficit.

THE Australian Government will start detailed negotiations with the Australian Council of Trade Unions at the weekend over the size of the unions' 8.5 per cent national wage claim, plus a 4 per cent productivity claim.

The Government insists that wage inflation must be curbed, and is pressing for a reduction in the six-monthly wage claim of 0.8 of a percentage point, because of this year's sharp depreciation of the Australian dollar, which could fuel inflation.

In a far more radical move, the Confederation of Australian Industry will ally next month to the Arbitration Commission for an end to Australia's current centralised wage-indexation system.

The tussle over wages is shaping as a crucial test of the Hawke Government's persuasiveness.

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Servicing Payments on Australia's External Debt

	Interest payments (\$bn)	Capital repayments (\$bn)	Interest and capital (\$bn)	Exports of goods and services (\$bn)	Debt servicing ratios	
					Interest payments (per cent)	Interest and capital (per cent)
1979-80	1,046	739	1,785	21,584	4.8	8.3
1980-81	1,131	1,759	2,890	22,083	5.1	13.1
1981-82	1,746	2,387	4,133	22,656	7.7	18.2
1982-83	2,715	2,881	5,596	24,470	11.1	22.9
1983-84	2,527	4,357	6,884	27,801	12.7	28.4
1984-85	4,941	6,594	11,537	34,321	14.4	33.6

Source: Budget papers, August 1985

This has not happened recently. In 1984-85, Australia's current account deficit widened to 4.9 per cent of gross domestic product.

A number of factors are cited. First, Australia's international competitiveness suffered, particularly from the wage surge of 1982. Second, there was a greatly expanded public sector borrowing requirement.

Third, there was a sharp increase in import penetration both in 1983-84 and 1984-85. Fourth, while Australia's new resource-based exports have been growing, they have been slower to make an impact than formerly expected.

Part of the explanation is that many energy-related investments were based on assumptions of a steadily increasing

real oil price, which have not been realised.

The big resource projects of the early 1980s also saw a major shift from equity to borrowings as the mode of investment, which contributed to the rise in external debt and the higher debt-servicing ratio.

The Treasury says that provided the recent improvement in Australia's competitiveness is maintained, the country's external accounts "will move over time towards a more normal and sustainable pattern... Concerns about international indebtedness should recede as a consequence of a smaller current account deficit."

This is why Mr Bob Hawke's Government is insisting that stable macroeconomic condi-

tions—particularly wage restraint, low inflation, adequate profits, and enhanced competitiveness—are necessary conditions for turning Australia's "present expansion into durable prosperity."

It is a message it will preach most loudly in the next few weeks, as it negotiates with the unions the latest wage claims (including a productivity claim), plus the future of the Hawke pay accord: the bedrock of Labor's successful policy approach to date.

If Mr Hawke can keep the lid on wages, the Government's political position will be greatly strengthened, and worry about Australia's debt will probably recede. If not, we may gain hear the cry: "She'll be right, mate, she'll be right."

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AMERICAN NEWS

Curacao seeks \$47m to secure Shell plant

By Canute James in Kingston

THE GOVERNMENT of the Netherlands Antilles has started a search for \$47m (£33.5m) to secure the takeover of a 320,000-barrel-a-day oil refinery on the island of Curacao which is being closed by its owners, Royal Dutch Shell.

Government spokesman in Willemstad, the capital, said there were plans for securing the funds from the Dutch Government, which had earlier promised financial support if the Netherlands Antilles could find ways of making the refinery profitable.

Royal Dutch Shell, which reported that the refinery lost about \$50m in the first half of this year, has offered the refinery to the Government of the six-island federation for one guilder (about 25p).

But the company has valued oil stocks and machinery at \$47m, which it is asking the Antillean Government to pay.

The Government representatives said if the Administration's purchase of the refinery was concluded, there were plans to lease the facility to the state-owned Petroleos de Venezuela.

Royal Dutch Shell's decision to close the refinery followed unsuccessful negotiations with neighbouring Venezuela to supply crude at low prices. The company said it could not continue operating the plant unless the concessions on crude prices were granted.

The company's announced closure of the plant, set for the end of September, threatened severe dislocation for the once buoyant Dutch Antillean economy, which has already been hit by the shutdown of an Exxon-owned refinery on Aruba.

The Dutch Government had said it would not provide funds to keep the refinery open, but promised to provide soft loans to a new company, established by the island's administration, provided it proved the plant could be economically viable.

The Dutch Antilles had until the end of this month to establish the feasibility of the 60-year-old refinery.

The likely closure of the refinery was suggested by Royal Dutch Shell late last year.

The federation has already been deprived of 2 per cent of its foreign exchange earnings, and Aruba of 70 per cent of its revenues, because of the shutdown of the Exxon facility.

Income for the two refineries and from terminals has driven the Netherlands Antilles a per capita income of about \$4,000—high compared to that of most of its Caribbean neighbours.

Royal Dutch Shell's decision to close came despite the efforts of Mr Rudi Lubbers, the Dutch Prime Minister, to keep the plant open.

Jimmy Burns reports from Buenos Aires on the mixed blessings of the Government's austerity measures
Argentines savour the experience of lower inflation

JUST A few weeks ago, it was usual to hear an Argentine argue that high inflation had pervaded the local economy for so long that it had become a way of life. Today, talk has shifted to the experience of living without it.

Thanks to the austerity package (price and wage freezes and currency reform) imposed on the country since June by the Government of President Raul Alfonsín, monthly inflation has been cut from 30 per cent to below 6 per cent. This figure would be virtually zero, governing officials claim, if not for a seasonal shortage of food, which temporarily pushed up the price of meat—Argentina's most popular food.

For local business, a generally more stable price structure has led to the beginning of change in some perceptions and procedures once regarded as impossible to modify.

Take the case of Sr Miguel Reed, president of Proter, a small but energetic local paint manufacturer. In May, he wrote an account of his company's fortunes for the business daily, *Amplito Financiero*, which sounded like the last days of the Weimar Republic.

He described how, two months earlier, Proter's suppliers of basic raw materials

had increased their prices by 29 per cent, against a monthly inflation rate of 19.2 per cent. Sr Reed's company then increased the price of its products by 32 per cent. By the following month, the company computer suggested that the price of raw materials and products had been mismatched, and so final prices were jacked up by a further 40 per cent, only to be followed by an additional average increase of between 60-80 per cent in the cost of raw materials.

"I know of no fellow businessman who gets up in the morning with an enthusiastic thought for a new product or a new market. On the contrary, we get up submerged in anxiety because of the new tax we haven't paid, the sudden increase in costs, we were unable to predict, the shortage of raw materials and the overdue payment bringing us one step closer to bankruptcy, he wrote.

Proter was employing 100 people and had a sales turnover calculated at about \$3m. But Sr Reed calculated that "a \$1m-year loss was due to inflation alone" and that the only way he had survived in recent months was by not paying taxes.

Since the austerity package was introduced, some companies which built up huge stocks to

protect against inflation have found price controls more a curse than a blessing. As credit has also been squeezed, some have had to close their factories temporarily, and a few have gone permanently bankrupt despite the lower inflation.

Fears that the austerity package will mean fewer jobs in the short term will today bring out the country's main trade

finished a long summer holiday (in Argentina it is midwinter).

For the past month, the time spent on making sure that unpaid bills were collected and that money paid was invested (the former peso was losing its value at a rate of 1 per cent a day), has been put into planning how to refine and market a range of more than 200 household products.

Since President Raul Alfonsín's austerity package of price and wage freezes and currency reform was introduced in June, medium-term thinking has taken over from 24-hour survival techniques in a number of businesses. But not everyone is happy with lower inflation.

union federation on a 12-hour national stoppage.

But Sr Reed has so far shared the fate of the majority of companies which have been weathering what is regarded as a temporary recession, already showing signs of bottoming out in major sectors of industry.

Last week, his computer had been put on temporary hold and he looked as if he had just

Sr Reed, for the first time in years, has begun to think seriously of improving quality and advertising overseas to attract export opportunities.

A company which was finding it difficult to make ends meet is beginning to build up a more solid capital base, although Sr Reed admits he has only just begun to pay some of his taxes.

Higher up the business scale,

Sr Pablo Madanes, a managing director of Argentina's major tyre producer, FATE, is also a changed man. Sr Madanes calculates that about 25 per cent of his annual turnover of sales of \$72m went towards speculation on a realistic and stable market.

"Since the austerity package was introduced, we've lost about 25 per cent in sales, but rather than try to recover them we're sending our money managers and policemen—is one reason why old habits have taken longer to die. Another is that the financial system still has influential citizens as politicians and businessmen could eventually founder, just as it did in Israel, because of the Government's inability to keep public spending in check in a crucial mid-term election year.

Nevertheless, the average spread of about 15 per cent between the black market rate and the official rate of the dollar is much narrower than that which existed in the times of virtual hyperinflation, when the small blackmarket exchange dealers were handling anything from \$100 to \$15,000 with each telephone call.

As the dealer reluctantly put it: "The dollar in Argentina is losing some of its mystique."

Last Friday, three somewhat downcast individuals sat in an office overlooking the heart of the capital's financial centre, locally known as "el city".

The three are partners in one of the 200-odd black market foreign exchange dealerships in the city's 15 square blocks. Their despondency was that of a laid-off labour force. Their telephones were poignantly silent during most of what not so long

ago was a peak dealing hour.

"I used to have people coming in on Friday desperate to sell or buy at all costs. Now if clients come in at all, they compare rates and maybe leave it for another day," said one of the three dealers.

The fact that the ruling Radical Government has held up from pursuing its Blitzkrieg on the black market—dealers' alleged clients include such influential citizens as politicians and policemen—is one reason why old habits have taken longer to die. Another is that the financial system still has influential citizens as politicians and businessmen could eventually founder, just as it did in Israel, because of the Government's inability to keep public spending in check in a crucial mid-term election year.

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Nuclear reactor plan sparks protest

By Terry Dodsworth in New York

U.S. anti-nuclear activists staged a demonstration yesterday near the Three Mile Island power station in an attempt to rally public support against a reopening of the site, where the world's worst commercial accident occurred six years ago.

The demonstration followed a court decision in Philadelphia which cleared the way for the re-opening of an undamaged reactor at the plant. Although this reactor had operated safely for several years before the accident at a newly-opened unit, it was closed down during the elaborate inquiry into the incident and its re-commissioning has been fervently opposed by anti-nuclear groups.

GPU Nuclear Corporation, the operator of the Three Mile Island site, said yesterday that it was planning to lay out a schedule for the reopening of the reactor, although it gave no indication of its proposed timing for bringing the reactor back into energy production.

The new flurry of controversy over the Three Mile Island site follows a decision of the U.S. Nuclear Regulatory Commission earlier this year which gave the go ahead to the start-up. It said that GPU, which had undergone an extensive management reorganisation, was fit to operate the undamaged reactor.

This judgment, however, was opposed by an anti-nuclear group who regard Three Mile Island as a powerful symbol in their fight against nuclear power. These groups took the issue back to court with the backing of the local authority in Harrisburg, Pennsylvania, close to the Three Mile Island site.

U.S. sanctions urged against money laundering

THE U.S. should impose strong sanctions against countries that serve as money laundering centres for drug dealers, law enforcement officials, a Congressional report recommended, Reuters reports from Washington.

The report from the Senate permanent subcommittee on investigations listed 16 countries, most of them in the Caribbean area, with banks that attract money from criminals because of their tax and bank secrecy laws.

"By providing anonymity for foreign money, and by refusing to co-operate with U.S. law enforcement, tax havens are being exploited by criminals," it estimated that foreign bank secrecy laws enable tax evaders

and other criminals to hide an estimated \$20bn (£14bn) a year from the U.S. Government.

Sanctions recommended by the report included requiring U.S. banks to report all financial transactions involving tax havens and making loans from tax havens reportable as taxable income in the U.S.

Caribbean Basin countries listed as tax havens were Anguilla, Antigua, the Bahamas, Barbados, Bermuda, the Cayman Islands, Montserrat, the Netherlands Antilles, Panama, St Vincent and the Grenadines and Turks and Caicos Islands.

Other countries named as tax havens were Hong Kong, Liechtenstein, Luxembourg, Singapore and Switzerland.

Panama's military puts pressure on President

PANAMA's powerful armed forces have served notice to President Nicolas Ardito Barletta that he must act decisively to resolve a deepening economic crisis if his year-old Government is to survive, diplomatic and political sources say, Reuters reports from Panama City.

The former World Bank vice president has faced widespread opposition in his attempts to implement economic austerity measures aimed at meeting payments on the country's \$3.6bn (£2.5bn) foreign debt. Government and opposition leaders and diplomats agree that continuing protests against his policy threaten to spark

generalised violence and a return to military rule.

The situation in Panama was "totally worrying, totally irresponsible, totally anarchic and totally out of control," defence forces commander General Manuel Antonio Noriega told reporters here this month.

Gen Noriega, Panama's most influential public figure, was a protégé of General Omar Torrijos who seized power in 1968 and shaped a central role for the military in politics during his 12-year rule, which ended with elections in May 1984.

NYC mayoral elections reach crucial stage

BY OUR NEW YORK STAFF

THE RACE to elect a new mayor of New York is moving into a crucial stage this week as the candidates for the Democratic nomination step up their spending and trade insults before the vote in the primary elections early next month.

Mayor Ed Koch, the sharp-looking at the moment to be

romping away with the campaign, well clear of his opponents in the opinion polls.

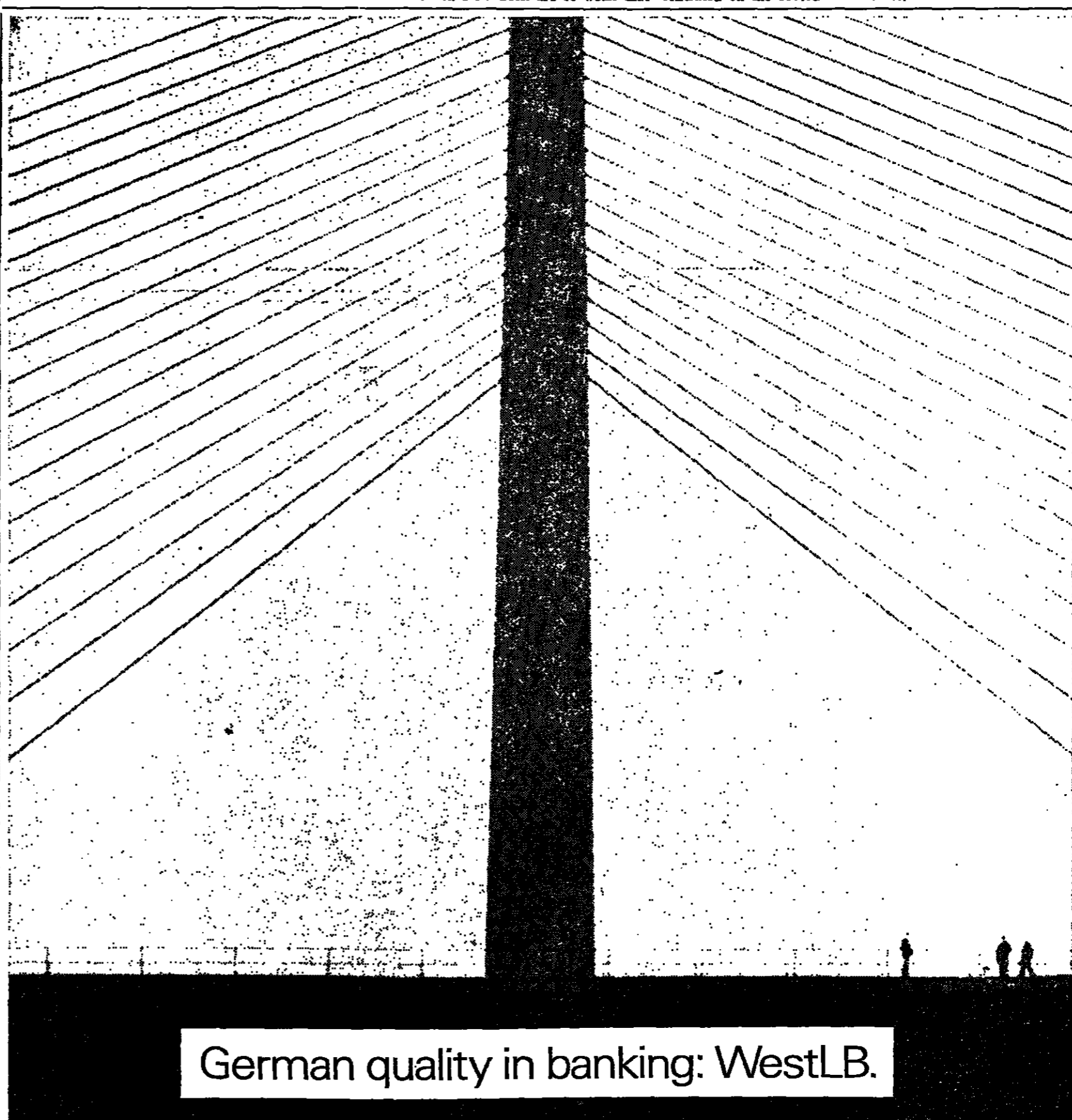
He has been by far the biggest spender in the campaign up to now, and is said to have gathered together an election war chest worth around \$6m (£4.28m). His main rival, City Council President Miss Carol

Bellamy, has raised only around \$650,000, and the black candidate, Mr Herman Farrell, much less.

Although the winning of the Democratic nomination is only the first step in the mayoral election process, it is regarded as crucial, since the Republicans in New York are so weak that

they are unlikely to be able to put up a credible alternative candidate—indeed, Mayor Koch won the nomination of both parties last time round.

As the incumbent, fighting to run the U.S.'s largest municipal government for the third four-year spell, Mayor Koch has concentrated on his record



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NOTICE IS HEREBY GIVEN that, pursuant to Article Three of the Indenture dated as of June 15, 1979, as supplemented, (the "Indenture") among The Standard Oil Company (Ohio) International N.V., formerly Kennecott International N.V. (the "Company"), Kennecott Corporation, formerly Kennecott Copper Corporation, as Guarantor, The Standard Oil Company, an Ohio corporation, and Morgan Guaranty Trust Company of New York, as Trustee, under which the Company issued its 9½% Guaranteed Notes Due 1986 (the "Notes") and the tenth paragraph of the Notes, the Company has elected to and shall redeem on September 12, 1985 (the "Redemption Date") all of the outstanding Notes at a redemption price of 100% of the principal amount thereof (the "Redemption Price"), plus accrued interest from June 15, 1985 to the Redemption Date in the amount of \$22.56 for each \$1,000 principal amount of Notes.

The Notes shall become due and payable on the Redemption Date at the Redemption Price plus accrued interest which shall be paid upon presentation and surrender of the Notes together with all coupons thereto appertaining maturing after the Redemption Date at the paying agents listed below.

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THE STANDARD OIL COMPANY (OHIO)
INTERNATIONAL N.V.

August 13, 1985

WORLD TRADE NEWS

Reagan refuses to allow protection for shoe manufacturers

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan yesterday denied American shoe manufacturers the protection against foreign imports which they have been seeking for over a year and which the U.S. Government's International Trade Commission had recommended in June that they should be given.

President Reagan said: "Protectionism... is a crippling 'cure' far more dangerous than any economic illness." But he made it clear that the U.S. intends to be much more aggressive in defending its trading interests in the future.

The President's decision had been widely expected and already on Capitol Hill this week there have been warnings that by not responding more positively to the plight of the shoe industry the President is only fanning the protectionist flames which are already burning.

More than 200 individual legislative proposals to grant protection from imports are before Congress, and it is widely expected that when Congress reconvenes next week some of this legislation will begin

moving. While most of the bills will fail to rally widespread support, trade experts on Capitol Hill are predicting that some proposals appear to be gathering enough support to pass and that Congressmen will try to attach their plans to the front-runners.

Shoe industry representatives have already warned that they will take their case to Congress and try to persuade it to override the President.

The White House, in making its decision on shoes and at the same time indicating that it is planning to take a tougher line on enforcement of U.S. trade laws, is trying to find a middle road which will enable it to stick to its free trade ideology and at the same time blunt the protectionist pressures on Capitol Hill.

Footwear imports rose by 25 per cent last year, achieving a market penetration of 71 per cent. Some 95 factories were forced to close in the U.S. in 1984 and the industry's unemployment rate rose to 18.7 per cent.

Chinese trade deficit widens

By Robert Thomson in Peking

CHINA SEEMS set to record one of its largest ever trade deficits this year, figures released yesterday show.

In the first seven months of 1985, China accumulated a deficit of \$7.59bn (\$5.5bn), according to Chinese Customs statistics. The figures indicate that Government measures to stem the flow of imports have been slow to take effect.

In the first seven months imports totalled \$11.93bn, while exports were worth \$4.34bn.

Japanese goods continued to flood into China, with imports in July up 87 per cent on July of last year. In the first half, China had a trade deficit with Japan of more than \$3bn. Customs figures show that exports to Japan and the U.S. have continued to fall.

Japanese manufacturers have reported a sharp downturn in orders from China, however, and diplomats here expect the bilateral deficit growth to slow in the remainder of the year.

Leading imports were electronic goods, automobiles, refined sugar, rolled steel, wool and iron ore, while increases in exports were reported in live poultry, grain, silk and crude oil. There was a fall in exports of rabbit hair, tungsten sand, carpets and bicycles.

China has attempted to slow imports by imposing strict controls on Government purchases of foreign goods, requiring all purchases of foreign technology to be approved by central authorities. It also increased import duties on some items by up to 80 per cent in an attempt to price foreign goods out of the market.

Since last year, Chinese consumers and provincial administrators have been on a spending spree of foreign goods leading to a sharp decline in foreign exchange reserves.

Reserves fell from \$16.3bn at the beginning of last October, to \$11.5bn at the end of March. Estimates for end of June go as low as \$7.5bn.

Meanwhile, Mr Deng Xiaoping, the Chinese leader, said yesterday that history had shown a "closed-door policy leads only to backwardness."

Bernard Simon examines the decline in the clothing and textile industries
Canada tries to weave a trade solution

Garment and textile manufacturers in Canada ought to be enjoying a healthy revival from the 1981-83 recession, but instead they are in serious decline. Although consumer demand for these products has increased, the pressure from imports shows no signs of easing.

Canada is wrestling with a way of nursing its hard-pressed clothing and textile manufacturers back to health without upsetting international trading partners or reinforcing the inefficiencies that have led to the industries' present malaise.

Apparel and textile makers in Canada ought to be enjoying a healthy revival from the 1981-83 recession in line with the rest of the economy; but they are not. Bilateral restraint agreements have proved ineffective in curbing imports and unrestrained imports have grown from 5 per cent to 16 per cent of total imports in the past five years.

Consumer demand for clothing has picked up in the past two years, with the market expanding by 12.2 per cent to \$8bn in 1984. The quality of Canadian-made fabrics and garments is generally good, and the local industry is already protected by tariffs of up to 25 per cent and by 21 "restraint agreements" with Third World suppliers.

Instead of thriving, however, the domestic industries are in serious decline. The country's largest textile maker, Dominion Textile, suffered a C\$14.4m (\$7.6m) loss in the year to June 30 and is expecting no improvement for the next few months. The company last week announced the closure of a yarn factory and a fabric plant in Quebec following the shutdown of another facility late last year.

Mr Peter Clark, a consultant to the Canadian Apparel Manufacturers Institute, estimates that the clothing and textile industries have lost about 16,000 jobs in Canada over the past four years as a result of import competition. Despite the overall economic upturn, the volume of textile shipments from local factories was 10 per cent lower in the first five months of this year than in January-May 1981.

Pressure from imports, mainly from Southeast Asia, China, Brazil and southern Europe, shows no sign of letting up. Foreign-made garments now make up about 45 per cent of domestic purchases, compared with 31 per cent in 1981. The share of imported yarns has risen from 25 per cent to almost 40 per cent, and of fabrics from 49 per cent to almost 60 per cent.

Some domestic producers have responded with a strategy of "joining 'em if you can't beat 'em." While Dominion Textile cuts domestic capacity, it has expanded its presence in Hong Kong and China. Several clothing manufacturers have also become sizeable importers, to the point where Mr Clark estimates that local apparel makers now account for 30 per cent of garment imports. In tandem with calls for higher protective barriers, some clothing companies want to increase imports (especially of shirts) and propose that a company's duty-free import allocation be linked to its domestic output.

There is little evidence that the bilateral restraint agreements have been violated, but importers and their suppliers have found many loopholes. Only the agreements with South Korea and Taiwan cover all garments, and even these give a wide degree of latitude by setting ceilings only for broad categories, rather than specific products.

The agreement with China restrained shipments of ladies co-ordinates but not dresses or track suits. After repeated calls for urgent action against cheap imports earlier this year, the Textile and Clothing Board, a government agency, recently proposed as an interim measure that the Government impose a global quota on all types of clothing, limiting imports to their 1984 levels until the end of 1987. Such action would imply the unilateral abrogation of the 21 bilateral restraint agreements.

The chance of this recommendation being accepted seems slim, mainly because of Ottawa's fear of antagonising its trading partners. The EEC in the past has demanded and received compensation for quotas imposed by Canada under article XIX of the General Agreement on Tariffs and Trade (GATT). In any case, the board's proposal has few supporters in the

industries it is meant to help. According to Mr Clark: "It freezes the situation at the worst possible point."

The textile industry is calling for a rollback of imports rather than merely a freeze. Garment makers would prefer a plan allowing them the best of both worlds.

One idea is that manufacturers should be allowed to export cut pieces to countries with low labour costs, where finished garments would be assembled and then sent back to Canada. The Canadian company would pay duty only on the value added to the item abroad.

Another suggestion, strongly opposed by the textile industry, is that duties be cut on yarns and fibres not available in sufficient quality or variety in Canada.

The board expects to present its final report to the Government before the end of October. But Ottawa will have to take a decision on the proposal for global quotas within the next few weeks.

Unless Canada notifies other signatories of the 21 bilateral restraint agreements before the end of September that it plans to terminate the arrangements, the restraints will automatically remain in force for another year, to the end of 1986.

success, making the company the leading importer in recent months.

The U.S. launch is timed to follow closely the opening of a new factory by Hyundai earlier this year at Ulsan in South Korea which has doubled its annual capacity to above 300,000 and produces a new front-wheel drive mini car called the Excel.

This is powered by a Mitsubishi engine and transmission. The

Japanese group provides technology to Hyundai and has a 7.5 per cent shareholding.

Mr Chung said at the Automotive News World congress he expected the Excel to be in the \$6,000 (\$3,571) price range and among the cheapest cars on offer in the U.S.

Hyundai has signed 113 dealers in the U.S. and will take the total to 200 by the end of next year.

Groups bid for Indian gas pipeline contract

BY JOHN ELLIOTT IN NEW DELHI

FOUR international consortia have submitted bids for a contract worth \$700m to \$900m (\$843m) to construct India's 1,700 km natural gas pipeline from Hazira near Bombay to Jagadishpur in the north of the country.

On the basis of a preliminary study of financial packages offered this week, bids from a Canadian-French consortium and from Italian companies seem the best placed to win the work, although a French-Japanese consortium may provide a strong challenge when aid proposals have been finalised.

Yesterday in New Delhi the Gas Authority of India opened the sections of the bids covering the financial packages and technical proposals. It left the price offers in sealed envelopes where they will remain for up to two months during technical evaluations.

The amount of concessionary finance offered will be an

important factor in choosing the winner, and the bids all provide for 85 to 100 per cent of foreign exchange costs to be covered by aid packages.

Canadian mixed credit of up to \$295m plus further mixed credit from France have been offered by the two countries' governments to cover all the foreign exchange costs of a consortium led by Nova Corporation International Consultants of Canada.

Also in the consortium is Majestic Contractors of Canada and Entroose of France. Birla Engineering of India is a major subcontractor to this consortium.

France has also offered similar finance to go alongside a Japanese credit package that might only cover 85 per cent of foreign exchange costs of a consortium headed by Spie-Cabag of France and including NKK and Toyo Engineering of Japan.

French group in telecom link-up with Bosch

BY DAVID HOUSEGO IN PARIS

THE FRENCH engineering and electronics group, Jeumont-Schneider, and Telenorma, the telecommunications subsidiary of Bosch of West Germany, have agreed to industrial and marketing tie-ups that mark an important step in bringing the telecommunications industries of the two countries together.

Under the agreement, Jeumont will market its private telephone switching equipment in West Germany through Telenorma and will also obtain access to the Austrian market. Jeumont will likewise sell Telenorma manufactured telephones in France.

Until now the telephone markets of the two countries have been closed to each other because of disputes over standards and because of the protectionism of the French PTT and the West German Bundespost.

The new agreement also provides for the two companies to co-operate on export orders and in research to develop broadband switching equipment combining the transmission of voice, data and images.

The two companies are of similar strength with Telenorma holding some 40 per cent of the private telephone market in West Germany and Jeumont 31 per cent in France. Telenorma has sales of DM 1.9bn (\$492m) while the telecommunications division of Jeumont has a turnover of about FF 1.4bn (\$119m) — equivalent to a fifth of Jeumont's total sales. Telenorma expects sales to rise this year by about 8 per cent to around DM 2bn.

Jeumont, as part of its group strategy, is seeking further international alliances. It recently reached an agreement with Bull to make its telecommunications equipment compatible with the main computer manufacturers.

U.S. sales drive for Hyundai

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT IN DETROIT

HYUNDAI, South Korea's largest automotive company, plans to sell more than 100,000 cars in the U.S. in 1986, its first year of sales there. If it meets its target this would take it to seventh place among exporters to the U.S.

Mr Chung se Yung, president of Hyundai yesterday insisted that Korea has no intention of becoming "a second Japan" in its trade with the U.S.

"We recognise that reciprocity and a balance in trade is necessary between nations," he said.

There is concern in Detroit about the so-called South Korean car threat. Kia, also of South Korea, has linked with Ford and will import about 50,000 of Kia's mini cars a year starting in 1987. General Motors will use its associate Daewoo to supply at least an annual 70,000 cars to be sold by Pontiac dealers the same year.

Hyundai put its cars on the Canadian market 18 months ago and they have been a runaway

success, making the company the leading importer in recent months.

The U.S. launch is timed to follow closely the opening of a new factory by Hyundai earlier this year at Ulsan in South Korea which has doubled its annual capacity to above 300,000 and produces a new front-wheel drive mini car called the Excel.

This is powered by a Mitsubishi engine and transmission. The

Japanese group provides technology to Hyundai and has a 7.5 per cent shareholding.

Mr Chung said at the Automotive News World congress he expected the Excel to be in the \$6,000 (\$3,571) price range and among the cheapest cars on offer in the U.S.

Hyundai has signed 113 dealers in the U.S. and will take the total to 200 by the end of next year.

Fully equipped Business Centre

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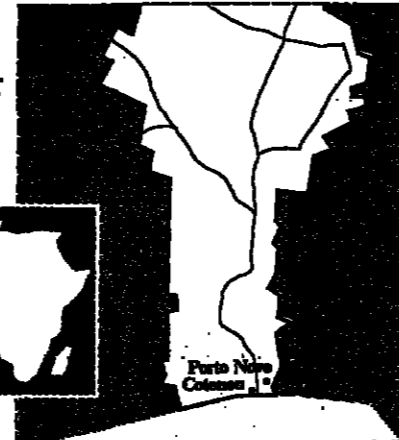
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SEOUL HILTON INTERNATIONAL
WHERE THE WORLD IS AT HOME

Benin means business.

Most of the mineral resources of the People's Republic of Benin have never been disturbed from their original deposits. These resources include — at a minimum — petroleum, iron ore, gold, phosphates, gypsum, lignite and limestone.

Now, the government of Benin is moving to shift land and sea to uncover these minerals for the benefit of the country's people.



Benin announces a \$2 billion joint-venture agreement with PANOCO of Switzerland.

After careful evaluation of Benin's future needs, the government has drawn up a plan for rapid resources development. Benin has entered into agreement with PANOCO (Pan Ocean Oil Co., Inc.), headquartered in Geneva, as its joint-venture partner for rapid implementation of the plan.

PANOCO was selected because it is a financially solid, privately owned company operating out of neutral Switzerland. And PANOCO has had successful experience with similar operations in neighboring countries.

PANOCO's first project will be increasing pro-

duction of Benin's offshore Sème Oil Field to a figure in excess of 25,000 barrels of crude per day.

Benin's goal is to achieve a significant increase in the standard of living for its people over the next decade. To do this, the government plans a coordinated drive to take advantage of all Benin's mineral resources. Concurrently, the country's infrastructure will be improved at a realistic pace, and in line with priority needs.

The first step in this long-range plan is cooperation with PANOCO to fully develop and exploit returns from the Sème field.

The projects involve:

- Full development at the Sème field.
- Construction of refineries, roads, power-generation facilities, and commercial and residential structures.
- Building fertilizer plants, hydroelectric dams and power stations, and irrigation systems for agriculture.
- Commissioning a new international airport.
- Continued exploration and evaluation programs for offshore and onshore hydrocarbons, as well as commercial deposits of other mineral resources throughout the country.

The People's Republic of Benin (formerly Dahomey) gained independence from France in 1960. The current government came to power in 1972, and the country received its present name, "République

Populaire du Bénin" in 1975.

Only 15% of Benin's arable land is currently under cultivation — yet agriculture contributes 45% of the GNP. The government's plan includes increasing agricultural efficiency as a basic requirement for the country's future development. Agriculture has vast potential for Benin.

Benin's capital is Porto Novo, but the administrative center is Cotonou. There is an international airport at Cotonou offering daily direct flights to Europe, and connections to the major West African countries. Port facilities at Cotonou have recently been improved to handle cargo transit of 1.2 million tons per year.

A satellite telecommunications center went on line in 1983, assuring reliable telephone and telex links with the rest of the world.

Efficient development of the Sème Oil Field is the beginning of sustained growth for Benin. The realization of Benin's initial joint-venture program with PANOCO will significantly increase the country's foreign trading capacity and employment opportunities. Long-term aims are to make this small land a major economic force in West Africa.

République Populaire
du Bénin



United's £286m bid rejected by Fleet Holdings

BY CHARLES BATCHELOR

THE BATTLE for control of Fleet Holdings, publishers of the Daily and Sunday Express, began in earnest yesterday with an all-share takeover bid from United Newspapers which valued Fleet at £286m.

Lord Matthews, Fleet chairman, promptly rejected the United approach in a hard-hitting statement which described the offer as "particularly feeble" and the cash alternative as "a joke."

After five months of initial skirmishing the stage is now set for what many in the City of London expect to be a bitterly fought takeover contest.

United, best known for publishing Punch magazine and the Yorkshire Post, first announced plans to bid for Fleet in March. It was not until a week ago, however, when the Government backed a Monopolies Commission report giving bid approval that United was free to announce terms.

Fleet's defence is expected to make much of United's lack of experience in dealing with the particular problems of managing national newspapers. Lord Matthews said: "United speak of their experience and commitment but they have none in Fleet Street. To imagine that the problems of Fleet Street can be solved as glibly as United imply is naive."

United, which already owns a 20.08 per cent stake in Fleet, is offering 11 of its own shares for every 10 of Fleet. United's shares rose 10p yesterday to 308p. This valued the offer at 339p per share and put a price of £226m on the 80 per cent stake for which United is bidding and £286m on Fleet's total equity.

United is also offering a cash alternative worth 302.5p per share. Fleet's share price rose 15p to 300p, out of reach of the bid and a clear indication that the City expects United will have to offer more if it is to succeed. Stockbroking analysts said United might have difficulty justifying to its shareholders

increasing its bid above 350p per share.

United accompanied its bid statement with an announcement that its pre-tax profits rose 23 per cent to £19.28m in the six months to June 30. It plans to pay a total dividend of 16p for the year to December, an increase of 10.2 per cent.

Mr David Stevens, United chairman, said there was a strong commercial logic to combining Fleet's national newspapers and business magazines with United's regional papers and consumer, leisure and farming magazines.

United believes the Express newspapers need a more coherent editorial policy and more modern production processes.

Mr Gordon Linacre, United chief executive, said: "The Express does not seem to know where it should be in a changed newspaper market. It has lost the charisma it once had."

United has cut overmanning on its regional newspapers by 20 per cent, in co-operation with its unions and without compulsory redundancies. It is very likely that it will need to reduce overmanning by more than 20 per cent at Fleet, Mr Linacre said.

Mr Stevens, who is also chairman of Montagu Investment Management, has pursued an aggressive acquisition policy at United, paying £82m for Link House, publishers, last November, and £28m for Gralla Publications, a U.S. magazine group in September 1983.

Fleet was floated off as a separate company from Sir Nigel Brookes' Trafalgar House group in 1982. Apart from the Express newspapers it owns the Daily Star, Morgan-Grampian magazines, a 31 per cent stake in TV-am and a stake in Reuters worth about £100m.

Fleet increased pre-tax by 75 per cent to £11.2m in the six months to December 1984 on turnover up 14 per cent at £180m.

Lex, Page 12

Alexander Nicoll on securities trading reforms

Fine tuning for the global market

"THERE WAS a danger," said Mr George Hayter, "that the final of the knockout contest would be played in the first round."

Mr Hayter, divisional director of information services at the London Stock Exchange, has played a leading role in its response to a threat from the rapidly developing market in international equities. The fear was that this could pre-empt Britain's creation of a reformed securities market in the so-called "Big Bang" due next year.

By agreement with the Government the exchange has been creating a new competitive environment through the dismantling of fixed commission scales and of the "single capacity" market-making system. Alongside it has grown a market which by-passes and threatens to undercut the new regime before it is even established.

"Unless we provided a platform, the top tier of the UK domestic market would be hard to hold on to when Big Bang occurred," Mr Hayter said. The successful acceleration of the Stock Exchange Automated Quotation (SEAO) international quotation system, which has 15 market-makers and a waiting list, giving prices on non-UK equities as a precursor to full domestic automated quotation, has been one aspect of the exchange's strong response to the problem.

It has also taken an aggressive

and pragmatic approach in discussions with U.S. regulatory authorities, and this was illustrated in its just-published response to Securities and Exchange Commission (SEC) suggestions on the subject. Talks on a co-operative approach to market development are also going on with U.S. stock exchanges.

The global equity market takes several forms, some of which have been evident for many years - such as the trading of South African or Australian shares in London. The SEC noted, however, that "in recent years there has been an increasing tendency for major securities to be traded not only in the capital market of their country of origin, but also in other financial centres around the world." The implication for existing markets, it added, "remains largely unknown."

Euromoney magazine this year identified 328 companies - up from 236 last year - of which the shares had an active and liquid market in at least one centre outside their home base. Of the total, 85 were based in the U.S., 65 in Japan, 25 in Australia and 25 in Britain.

London, thanks to its status as a centre for flows of funds created partly by its role as the focus of the Eurobond market, is a market centre for global equities.

Increasingly, U.S. and other securities houses have developed a mar-

ket in them essentially over the telephone, similar to the Eurobond market. Reuters of the UK and Instinet of the U.S. are meanwhile co-operating on worldwide marketing of Instinet electronic quotation and trading system.

In addition to more cross-border trading there has been a trend towards multinational offerings of shares. Recent flotations of British Telecom, Reuters and Britoil have, for example, tapped foreign sources of investment, while most major U.S. share offerings will include a tranche marketed in Europe and Japan.

Even more radical have been attempts to tap investment sources previously unaccustomed to equities. Nestlé of Switzerland and the U.S. Student Loan Marketing Association have both made share issues this year that were channelled through the rapid distribution system for Eurobonds.

The aim of global trading - apart from providing additional profitable business for issuing houses and market-makers - is on the one hand to broaden the shareholder base and thus improve the price performance of corporate shares. On the investor's side, it is to improve portfolio management performance in an increasingly competitive world by taking advantage of share-

buying opportunities across global,

rather than just domestic, industry sectors.

Clearly, it contains pitfalls for unwary finance directors who may fear that their share price is vulnerable to the behaviour of less knowledgeable investors with short-term portfolio horizons, and for investors who may suffer from a lack of up-to-date knowledge about their investments or of differing accounting standards. An increased emphasis on research among broking firms is designed to narrow such knowledge gaps and thus foster the global market's growth.

The stock exchange's concern has also been to prevent the growth of a disorderly, imperfect market in which investors and issuers could suffer from among other things poor price visibility.

A proper market, Mr Hayter says, does not just require an international trading and information system. It must also ensure rapid and efficient clearing and transfer systems, up-to-date price and last trade data, proper availability of company news, a consistent cluster of traded securities, and a membership fraternity with mutual confidence.

It is not good enough, he says, to expect the market to be dominated by professional investors and "have a big 'caveat emptor' sign over the door."

JFB to raise \$13m by sale of Cannon superalloys offshoot

BY IAN RODGER

JOHNSON and Firth Brown (JFB), the troubled Sheffield metals and engineering group, is selling Cannon Muskegon, a leading U.S. maker of exotic metal alloys, to SPS Technologies, a U.S. aerospace components group.

The sale, which has been agreed in principle, is the latest in a series of disposals by JFB since its large special steel business ran into difficulties in 1980.

It could also be the prelude to the resolution of the group's biggest remaining problem - losses from Sheffield Forgemasters, its joint venture with the state-owned British Steel Corporation (BSC).

Forgemasters, which makes large steel forgings and castings, has lost over £10m since it was formed in December 1982.

JFB's 50 per cent share of these losses has been the main factor in the emergence of a £12.2m deficit in its distributable reserves. Total shareholders' funds at September 30, 1984 were £49.9m. The Cannon sale is likely to bring in about \$13m.

JFB made clear earlier this year that it would welcome an opportunity to sell its stake in Forgemasters but no buyers have emerged. The company might also be relieved if Forgemasters went bankrupt, but the Government has not allowed this to happen. In January, BSC

backed £10m in new loans for the financially strapped venture.

The Government regards Forgemasters, which produces sophisticated steel components for the nuclear power and defence industries, as strategically important. It would also be reluctant to endorse further heavy job losses in the Sheffield area, where British Steel is to close the Tinsley Park steelworks with the loss of about 800 jobs.

One solution would be for British Steel to take over JFB's stake in Forgemasters, but the Government opposes any move that would be seen as a reversal of its privatisation policy.

JFB bought Cannon - which specialises in making superalloys which are used for making aero engine parts and human replacement joints - in 1979 for £3m. In the year to September 30, 1984, it had pre-tax profits of \$14m.

● The Scottish Trades Union Congress claimed yesterday that British Steel would no longer be able to make some motor car components if it went ahead with its plan to close the wide-strip rolling mill at Gartoch, near Glasgow.

The charge, which was quickly denied by BSC, was the opening salvo in what is expected to be a long and hard-fought campaign to save the mill.

GUINNESS IS GOOD FOR SHAREHOLDERS.

"The events of the last few weeks have ended in the best possible way for Guinness shareholders, Bell's shareholders, and for Bell's itself.

For new shareholders, there's the opportunity to enjoy earnings per share growth and share price performance, from which our existing Guinness shareholders have benefited for the past four years.

For Guinness shareholders, the arrival of Bell's into the group is great news.

The union of Guinness and Bell's, two of the world's most famous brands, creates an International Beverage team of enormous strength. A team which I am confident will build on our joint success to date.

The Guinness group has been enjoying tremendous success over the last 4 years. From 1981 to 1985, our share price has consistently grown ahead of the average for the rest of the stock market.

What is more, Guinness earnings per share have grown by more than 122% over three years to 30th September 1984.

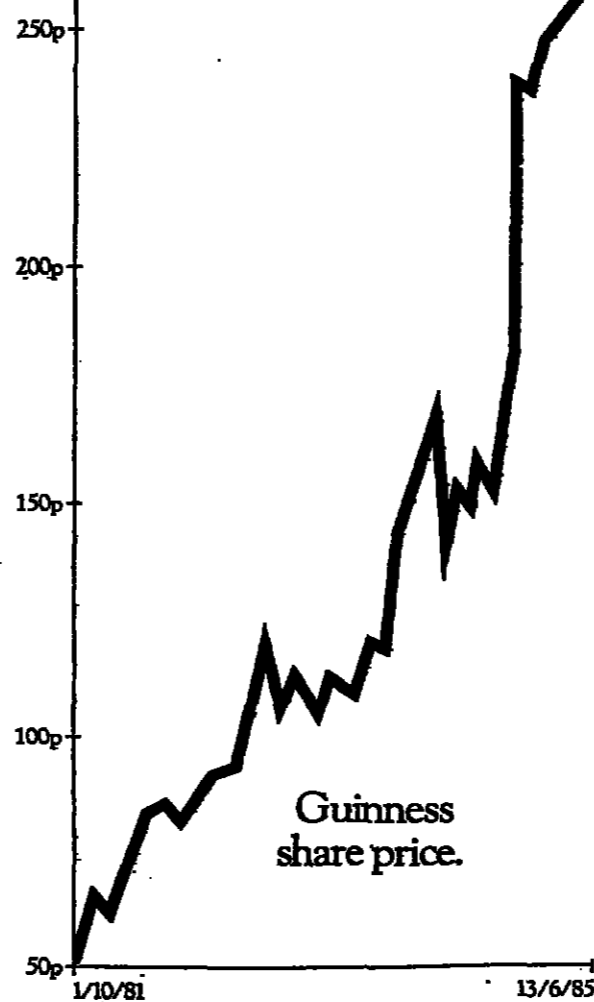
The achievement and the positive direction brought to Guinness by its new management team are a direct result of our successful twin growth strategies, encompassing profit growth for the present and the future.

PROFIT GROWTH FOR TODAY

It is our aim to continuously improve our established businesses, International Beverages and Retailing.

In the U.S. alone, Guinness sales have risen by 81% in the three years to 31st March 1985 - outperforming all other import companies in this market sector.

I believe the acquisition of Bell's will further enhance our success in International Beverages.



We are also seeing tremendous growth in retailing. The acquisition of Lewis Meeson and R.S.McColl convenience and retail chains adds to our list, making Guinness the largest operator in the convenience sector with 1100 stores.

PROFIT GROWTH FOR TOMORROW

Our policy is always to expand into exciting new areas, as well as looking after our established business.

We have identified Healthcare and Publishing as areas of outstanding growth

potential. Our Healthcare portfolio currently consists of Champneys Health Spas in Hertfordshire and Stobo Castle in Scotland as well as Nature's Best Health products.

Guinness Publishing is under new management, and now accounts for some fifty titles. Our twin growth strategies are obviously paying dividends because trading profits from retailing and other non-brewing activities continue to rise. In the half year to 31st March 1985, they were £6.7 million compared with £1.8 million in the half year to 31st March 1984.

TOWARDS AN EVEN BETTER FUTURE.

Sales of draught Guinness this calendar year are 8% ahead of last year, a result of the successful marketing and advertising skills brought to the company by the new management team. I believe that Bell's considerable potential can now also be realised.

With Guinness behind them, the Bell's brands can make real progress in the tough but tremendously valuable U.S. Scotch Whisky market.

I'd like to thank you all for your support during the last few weeks. Over the next few years, I am confident that you can look forward to continued growth and appreciation of your stock."

Ernest Saunders
Ernest Saunders, Chief Executive.



GUINNESS PLC

DRAUGHT AND BOTTLED GUINNESS HARP KILBEGG, DUBLIN. DRUMMONDS, MARTIN THE NEWSAGENT, LAVALLS, HELEVEN, CLARENS, CHAMPNEYS AND STOBO CASTLE HEALTH RESORTS. NATURE'S BEST VITAMINS. GUINNESS PUBLISHING.

Teachers plan wider pay dispute action

BY DAVID BRINDLE, LABOUR STAFF

THE NEW ACADEMIC year will start in most state schools in England and Wales next week with no respite from disruption by the main teachers' unions in their seven-month-old pay dispute.

The National Union of Teachers (NUT), the biggest union involved, yesterday announced plans for more widespread action than last term, including short-notice "guerilla" strikes and no exemptions to supportive local education authorities.

The National Association of Schoolmasters/Union of Women Teachers, the second largest union, had already committed itself to action in every education authority from October 1. Next week, its members will be striking in 20 of the 104 authorities.

More crucial is likely to be the attitude of head teachers who struggled, often singlehandedly, to keep schools open at lunchtimes throughout the last two terms while their junior colleagues boycotted supervisory duties.

The National Association of Head Teachers (NAHT) is issuing strong advice to its members to give up that struggle. The key to the dispute might be whether they follow that advice, closing many schools at midday and turning pupils on to the streets in scenes that would force the Government to act.

Judging by the views expressed by the overwhelming majority of speakers at the NAHT's spring conference, where a call for industrial action was decisively rejected, many heads still believe that the welfare of their pupils comes first and that their schools must be kept open.

The dispute may, therefore, continue without much hope of an early breakthrough. The employers' leaders meet tomorrow to take stock of the position and to consider proposals based on the Government's conditional offer of extra money for teachers' pay for the coming four years. There is, however, little optimism.

Mr Fred Jarvis, the NUT's general secretary and leader of the union side of the Burnham negotiating body on teachers' pay, yesterday termed the Government's offer "hasty window-dressing." He in-

sisted that only an increase in the 8.06 per cent pay offer for the present year could settle the dispute.

The unions are pressing for an increase of 12.4 per cent or a flat rate rise of £1,200 a year.

Mr Jarvis said the attitude of Sir Keith Joseph, the Education Secretary, was "totally repugnant to us in that he steadfastly refuses even now to accept that every teacher is entitled to a truly professional level of pay."

The NUT's tactics for the new school year mark a shift away from the three-day strikes of last term, with more concentration on selective walkouts and rallies and other action tailored to attract public and political opinion.

For the first time since action was taken, some NUT teachers will not earn dispute benefit. Although the union says its strike fund is healthy, all members are being asked to agree to attend half-day rallies without the usual reimbursement of full pay.

In addition to the rallies, there will be guerrilla strikes - as yet unspecified - and local strikes in Blackpool, Torquay and Bournemouth to coincide with education debates at the Trades Union Congress next week and political party conferences being held in the towns this autumn.

Sanctions will also be tightened. NUT members are being urged to boycott all duties other than the teaching of classes and associated preparation and marking work. As with the heads, it remains to be seen whether teachers will put the dispute above children's sports activities and field trips.

The NUT is also recommending its divisions to ballot on immediate no-cover action when teachers are absent (cover has been previously maintained for the first day of absence) and to refuse all co-operation with the development of new examinations such as the GCSE (General Certificate of Secondary Education).

In the separate teachers' dispute in Scotland, where the new term has begun, disruptive action has already been resumed by the unions in pursuit of an independent pay review.

Oil output up 11%

By Dominic Lawson

BRITAIN'S North Sea oil output rose by 11 per cent last month to reach 2.65m barrels a day, according to Royal Bank of Scotland figures.

Production in June had been depressed by the decision of a number of oil companies to bring forward oilfield maintenance work while oil prices remained weak. July output was, however, some 4 per cent below the level at the same time last year.

To the Holders of
A. F. I. Atlantic Financial International N.V.

Secured Adjustable Rate Notes due 1994

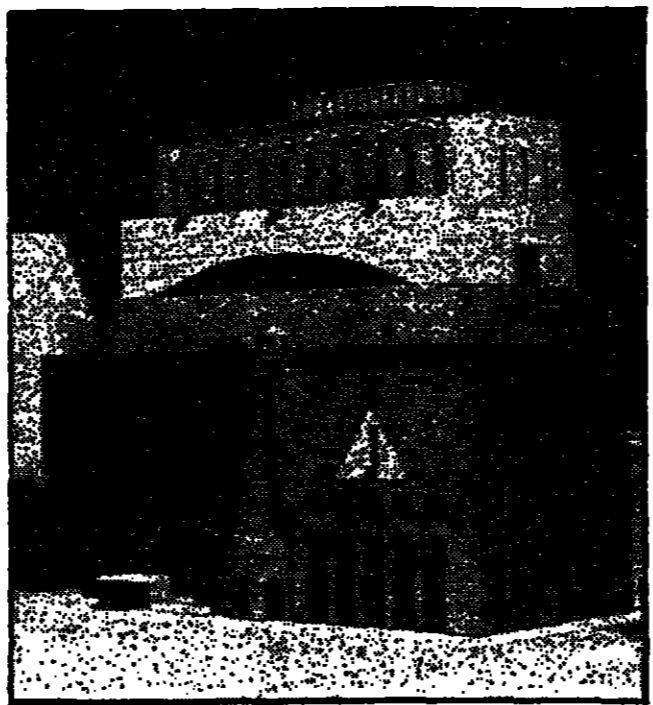
In accordance with the provisions of the Notes, notice is hereby given that for the interest period beginning August 28, 1985 and ending November 28, 1985 the Notes will carry an interest rate of 8.6675% per annum. Interest payable per \$5,000 principal amount for this interest period is \$110.66.

A. F. I. Atlantic Financial International N.V.
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Date August 22, 1985

Letter from New York/Paula Deitz
Fragments of summer

Fragments of summer



Michael Graves's proposed addition to the Marcel Breuer building would wrap around the central structure.

Brasilienses), rich and stately, and followed it with the whole first volume of that composer's *A Prôle do Bêbê*. It is a suite of doll-portraits (the dolls are characteristically identified by the materials of which they were made: rubber, clay, papier-mâché etc.), vigorously inventive and colourful beyond what you would expect—even on the strength of the only familiar one, the final "Polichinello." Freire sketched them with ten-

FINANCIAL TIMES

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Thursday August 29 1985

Market penalty on Pretoria

HABITABLE Jaegers are extremely hard to construct in the modern world, as any Latin American debtor can testify. South Africa is now coming face to face with this reality. Foreign investors and banks lose confidence in a country. The country's short-term liquidity evaporates and its whole international payments system threatens to freeze up.

The South African government has, in fact, prompted this state of affairs by freezing the system itself, while it ponders what action to take next. All foreign exchange and security transactions are blocked till next Monday—a state of temporary financial embargo way beyond anything contemplated by the U.S. Congress. It is a crisis which for the moment overshadows the West's heart-searching about economic sanctions in the last few months.

The government's action has been prompted by the fall in the rand—down to 30.3¢ compared with its recent high of 30.54¢—and by the fall in the Johannesburg stock exchange index of 79 points since the recent high in mid-July of 1,037. Share prices have been undermined by the onset of accelerating net selling by overseas investors since April. The steepness of the rand's fall suggests a more critical loss of confidence involving the international banks.

Uncertainty

Of that 35 per cent fall in the South African currency, half has occurred since August 16, the day of President Botha's much heralded speech to the Natal Congress of his party. The party faithful may have found reassurance in the steady fast way he refused to be driven towards reform, with all its attendant uncertainty, by pressures from abroad and by violence at home. But the dispassionate financial markets do not share that reassurance. They, like the majority of western governments, were waiting for evidence of a change in strategy and they found none.

Dr Gerhard de Kock, the governor of the South African Reserve Bank, has had to answer the markets with a freeze and, of course, the freeze has unsettled them still further. As the extreme spreads on rand quotations in the London

market yesterday indicated. He now has to decide whether he can avoid a reversal of the progressive liberalisation of South African exchange controls which began in 1982 and which emboldened South Africa's confidence in its future and more normal economic relations with its trading partners.

Much more pressingly he has to take steps to shore up South Africa's short-term liquidity, which is threatened by mounting international pressure on the part of Western bankers to roll over those parts of the country's \$12bn in short-term debt that fall due as time goes on. Unlike the Latin American cases of the past few years, discussions over South Africa's liquidity crisis—the country's solvency is not yet remotely in question—will be complicated by the political reservations and vulnerability of the banks involved.

Credibility

So in both economic and political terms the South African government finds itself marching reluctantly into a narrow tunnel. The confidence of the markets will only be further undermined by hard-nosed tactics. And as the government tries to reassert its authority by arresting relatively moderate political opponents, like Dr Allan Boesak, and proscribing the Congress of South African Students, it further denies itself the chance of opening some sort of dialogue about South Africa's political future with non-violent blacks.

The onset of this financial crisis has narrowed the options of western governments as well. The last, powerful economic sanctions is being thrust into their hands whether they like it or not. They may be tempted to argue that the maintenance of South Africa's trade and prosperity is in the interests of the good of all. But the international markets will not listen. The only way the South African government has a chance of restoring its credibility as a participant in the world economy is to overleap the mounting internal confrontation with a clear sign that apartheid is to be ended and a new political constitution for South Africa negotiated. The advantage of a more liberalised and never has been an option.

Democracy on UK railways

THE VOTE by the railway guards, albeit by a narrow majority, to reject industrial action over one-man trains is the most significant indication so far of the Government's trade union legislation, and of the underlying belief that union members, given a voice, are more peaceable and more conscious of commercial reality than their leaders have often been. It is a stupefying setback for the executive of the National Union of Railwaymen, not so much because its policies must now be changed, which is an everyday task of any leadership, but because it has proved so totally unaware of what was happening on the ground. It means that the NUR leadership, along with those of many other unions, will have to overhaul the whole way in which it operates; and that is the real purpose of democratising the unions. As they reform, management will in turn be challenged.

The NUR leadership certainly did not lose this vote for want of trying. They have campaigned at top-level level up and down the country on the scale never seen before. No doubt their success in getting meetings of unofficial strikers to overturn help to reinforce work decisions convinced them that they were campaigning successfully. This only proves what the Government had always suspected: that the techniques of the shop-floor meeting—the techniques of the demagogue, to use that term quite objectively—will persuade men to do in the heat of the moment what they will reject if given time for private reflection.

Problem

The unions, however, face a very real problem in developing a genuinely representative leadership as Mr Jack Jones discovered in the days when he tried to run the transport workers' union on democratic lines. The pressure from below to which he hoped to respond came not from the mass membership but from the militant activists who always provide the manpower for any voluntary organisation—be it a union, a charity or a political party. One of the problems of leadership is to channel this enthusiasm constructively rather than letting extremism take control.

The activists are not likely to turn, under the pressure of any number of ballots, into a

new race of militant moderates; they will remain militants, but will have to learn to behave moderately. This is not likely to be easy, but it is a natural belief, as Mr Ron Todd, Mr Jones's present successor at the TGWU, has argued, that members are bound to support their policies if only they can be brought to understand them. This natural tendency to believe that one is right, which we all share, is reinforced in union leaders by a whole constitution of conference policies and executive decisions which must now be regarded as proposals rather than commitments, and by a whole rhetoric of class warfare and union loyalty. The full conversion to representative leadership is bound to take time.

At this change of progress, however, management will also face a challenge. In too many concerns—a small but often strategic minority—the years of dealing with militant and often disruptive trade union representatives has brought a sometimes increasingly authoritarian response.

Constructive

Indeed, the present rail dispute may help to reinforce the response: there will be an unwinding argument over whether the management's action in sacking unofficial strikers won the vote for them, or robbed them of a more significant margin for modern working practices. We believe, or at least we hope, that this is only a temporary phase. In the long run the development of genuinely representative union leadership should offer the opportunity to develop the much more constructive labour relations already found in some of the best-run companies in the UK and in many European countries. Democratic progress is won by effective communication, not by strong-arm methods.

The defeat of the NUR leadership may drive some union leaders to attempt a rear-guard action against the whole Tory notion, as they will describe it, of ballots, but it seems clear that Mr Neil Kinnock and Mr Norman Willis will understand that this is a genuinely popular and welcome change which is here to stay. It is an irony that Mr Kinnock has so far failed to democratised his own party, and relies on the unions, representative or not, to keep his own militants in check.

WHEN Mr Jimmy Knapp almost single-handedly persuaded the National Union of Railwaymen's conference earlier this year to adopt pre-strike ballots, he said: "At the moment they are using the ballot against us. Let's grab that sword out of their hands and strike them with it!"

Last night, Mr Knapp, the NUR's general secretary, appeared to be impaled on his sword.

The 52.5 per cent majority against industrial action by guards over driver-only train operation came as little short of a sensation. Not only had the NUR been predicting a healthy vote for action but senior British Rail officials had also resigned themselves to such an outcome.

Yesterday afternoon, as the 9,175 secret votes cast for or against were being counted by the Electoral Reform Society, Whitehall experts were still laying friendly wagers on the probability of an all-out rail strike a week hence.

The result has fundamental implications in three areas. It calls into question the authority within the NUR of Mr Knapp, who identified so closely with the balloting policy against the scepticism of fellow left-wingers; it raises doubts over whether the union can now resist BR's productivity drive on a broad front; and, perhaps most significant, it has put the hand of those who will argue at next week's TUC conference that the union movement should embrace ballots and use them positively in all areas of union democracy.

It was the driver-only issue, and the danger of it provoking a national dispute, which Mr Knapp cited in support when he convinced his union's conference in May in June of the wisdom of adopting pre-strike ballots.

His conversion to the ballot came after what senior NUR officials admitted was "a fiasco" of a proposed strike on the London Underground in May. The stoppage, called without a ballot in the tradition of one union, attracted poor support and was called off one day during which 75 per cent of normal tube services were run.

With the policy change under his belt, and after a battle on the left-led NUR executive

ONLY hours before yesterday's shock vote against industrial action by British Rail guards, Sir Robert Reid, BR's chairman, was gearing himself up for battle and promising that this time he and his senior managers would not be prepared to compromise.

"The railways have been protected for too long, and in the past the management just kept a clear-cut solution for the union away from the real issues," he said. "In 1982 we won a colossal victory when the Railway Staff National Tribunal ruled against the unions and in favour of driver-only operation." He said that the union's position was "not to enter into any further talks on productivity."

"The dispute now is not just about the issue of driver-only operated trains," Sir Robert said. "It's about that resolution. We're not going to be able to make any changes while that resolution is there. The union has said effectively that on no account are we going forward. But we are determined to take this industry forward."

Sir Robert added that there were many other changes BR wanted to make to improve the railway service, but that that is already in the pipeline is a new maintenance schedule for signalling which will involve fewer staff and which is also expected to provoke union resistance. But it is not because of the need to avoid

AFTER THE BRITISH RAIL VOTE



Sir Robert Reid: Little doubting his toughness and determination

Roger Taylor, Trevor Humphries

How Mr Knapp was impaled on a ballot

By David Brindle, Labour Staff

every bit as tough as the battle with the unions. Mr Knapp gained approval for a ballot of guards and set about campaigning for a majority as if he was contesting a general election.

What went wrong? As Mr Knapp stomped the country, addressing guards' rallies and winning media coverage in a campaign which proved surprisingly slick, the union appeared to be making all the running

and leaving BR trailing in its wake.

Certainly the union was coming out on top in the struggle for public opinion: the issue of passenger safety on driver-only trains, and the claims of BR's interference in the democratic process of balloting, made great gains in terms of popular sympathy. Below this, however, a quite different reaction was occurring among the guards themselves.

The pundits should have been alerted by the only moderate attendance at the NUR's guards' rallies and, perhaps, by the decidedly lukewarm response to the call for an unofficial one-day strike in the traditionally militant Doncaster area last Monday.

The reality was that only a small minority of the 11,000 guards were to be affected by BR's current five-year plan for driver-only operation. As BR

emphasised time and again, a total of 1,760 jobs would go and, as it wrote to each guard before the ballot, there was a guarantee of continued employment for every guard who wished to stay. As guards pondered where to mark their "X" on their ballot papers, they must also have reflected deeply on BR's dismissal of 245 guards who staged an unofficial strike action and on the unprecedentedly hard-line move to advertise their jobs.

From a lengthy fight against its unions with the rail network unsanctified. Some routes would almost certainly have to have been closed.

Before the result of the ballot was known, Sir Robert was insisting that BR had thought out contingency plans for a range of possibilities, including guerrilla tactics by the NUR. As an example he cited the management's decision to sack guards who walked out. He said yesterday that this had been a "horrible thing to have to do," but insisted that it was necessary for the sake of BR's commercial future.

The overall aim is to reduce the Public Service Obligation—the grant from central Government—by 25 per cent in real terms compared with what it was in 1983. The scheduled date for achieving the cut is the end of 1986.

But Sir Robert also said that he did not need the savings from a wider use of driver-only trains to reach his target cut in the PSO. Other improvements in efficiency, including the re-

moval of an entire 6,000-strong layer of management which brought savings of £80m, should enable him to do that—always provided BR sees a major shutdown of its network. What persuaded him to take up the cudgels over driver-only trains was concern about the future of the railway in the longer term.

We sorted ourselves out in 1983—and then came the miners' strike," Sir Robert said. "We recovered from that and in the spring of this year our forecasts suggested that our income from passengers over the next 12 months would be 10 per cent higher than we had originally expected. And then the unions made it clear that they want to go and commit hara-kiri yet again."

"This has not just been a straight management union fight—our customers are involved too. We have no monopoly on transport. We are vulnerable to competition. And by playing with our customers, the unions are also playing with BR's future."

Last night it appeared that that message had been received.

Sue Cameron

SURPRISE VINDICATION OF REID'S TOUGH LINE

action over plans to introduce more driver-only trains.

Sir Robert explained yesterday that the heart of the dispute lay in the NUR's two-year-old conference resolution which not only bans discussion of any extension of driver-only trains, but also states flatly that the union is "not to enter into any further talks on productivity."

"The dispute now is not just about the issue of driver-only operated trains," Sir Robert said. "It's about that resolution. We're not going to be able to make any changes while that resolution is there. The union has said effectively that on no account are we going forward. But we are determined to take this industry forward."

Sir Robert added that there were many other changes BR wanted to make to improve the railway service, but that that is already in the pipeline is a new maintenance schedule for signalling which will involve fewer staff and which is also expected to provoke union resistance. But it is not because of the need to avoid

lengthy battles over every proposed reform that BR's management has been determined to do battle over the issue of driver-only trains.

"We've tried persuasion and we've failed," Sir Robert said. "So we've had to say: 'Right, we're going to do it.'"

BR's management has been backing its hard line with various threats. Last month BR announced losses—after the payment of over £1bn in grants—of £408m for the 15 months to March 1985. The loss figure was inflated by a £102m allowance for restructuring British Rail Engineering over the next five years—a move that is widely believed to have been intended to frighten the unions.

At the same time, Sir Robert talked about the threat to jobs in BR's freight business as a result of the £250m loss because of the year-long coal strike. In the run-up to yesterday's ballot he had talked of shutting the entire rail network if necessary and of cutting BR's £1bn investment programme.

Yet the fact that the matter was that until yesterday the

threats seemed to have little impact, even when carried out. Towards the end of the miners' strike, for example, BR cancelled orders for 32 freight locomotives worth just under £1m.

But neither that nor all the talk of the risk of jobs in the freight sector prevented "self-inflicted" losses of £70m caused by railmen refusing to move coal, iron ore and oil because of sympathy for the miners.

"Things like the cancelling of new locomotives are fairly slow to come through and the ordinary railman doesn't see them," Sir Robert said, adding that when it came to job losses: "Perhaps people won't believe it until it actually happens."

But BR's top management insisted that it was not bluffing this time. Sir Robert said BR already had contingency plans for "cash conservation" in the event of a prolonged dispute. Investment contracts in all five of the railway business sectors would have been cooked at the last minute, he said. Sir Robert believed BR could not emerge

Gatenby's early take-off

Life—and the City Revolution—must go on, it seems, even while British Airways' privatisation remains grounded from one year to the next. Michael Gatenby, who headed the Hill Samuel team advising the transport department on BA's sale, is leaving to become head of corporate finance at Charterhouse Capital.

"Having been on the runway so long, I'd like to have been there at the take-off," said Gatenby yesterday—but he was watching BA's progress with interest. He is surely the longest serving adviser to the sale, having been brought in by John Nott in 1979 to get the airline into the private sector, within a couple of years or so.

Robert Clarke, Hill Samuel's chairman, has probably not had difficulty calming fears in Whitehall about the undoubted gap left by Gatenby.

Work on the privatisation has only just begun to regain its old momentum. The bank's reorganised team should be able to make a timely re-entry. Gatenby's arrival at Charter-



"At least they might let us travel in the empty guard's van in the future"

Men and Matters

house will meet one sad and unexpected need following the death last week of John Hyde, the bank's 57-year-old chairman.

The appointment of the new man should allow Victor Blank, Charterhouse's chief executive, to relinquish some of his corporate finance responsibilities and concentrate on the top job, which he formerly shared with Hyde.

Managing growth at Charterhouse is certainly looking a full-time job. The corporate finance department has almost doubled over the last three years to 32 executives. And the bank's acquisition by Royal Bank of Scotland in February has dangled some enticing growth prospects in front of it. Gatenby readily admits these had much to do with his decision to move. Formerly with Peat Marwick and "top boy" in the national accountancy exams in 1968, he has been with Hill Samuel since 1971. But Charterhouse's key role for the Royal Bank's expansion was evidently too good to turn down—even at BA's expense.

Tailed

When Alan Bond succeeded in his take-over bid for the Perth-based Swan Brewery five years or so ago, the managing director at the time was Lloyd Zampetti. The two men did not take to one another. Harsh words were spoken in public and Zampetti departed.

He went to the east coast of Australia and another brewery job becoming chief executive of Castlemaine Toohey, the Brisbane beer firm bought earlier this week by Bond. Would his tory repeat itself, observers wondered?

Bond gave the answer during a live TV interview. Would Zampetti be taking another walk? asked the interviewer. "A very much expected so," said Australia's biggest brewer—and a smile slid across the face of the tiger.

Long stint

A strong candidate to the claim that it was the first industrial newspaper is the weekly Mining Journal which is 150 years old today.

The journal even pre-dates the FT by almost 53 years. Herbert C. Hoover gained useful mining experience while managing the old Sons of Gwalia gold mine near Leonora in Western Australia. He went on to be a leading mining consultant, and launched the Mining Magazine, the Journal's monthly stable-mate—in 1908. That did not satisfy his ambition, however, and he continued travelling to become 32nd president of the United States.

Hoover was a great champion of mines and miners. So was Henry English, the first editor-proprietor of the Mining Journal, and his successors down to today's chairman and editorial director, Michael West, who claims readers in 136 countries.

Grass roots

WHY should the UK arm of a Norwegian-based energy company with an Australian managing director sponsor village cricket in Britain? The answer lies in the soil.

Harry Blackburn, managing director of Norsk Hydro Fertilisers, spoke yesterday about his company's entry into the village cricket championship—finals at Lord's on Sunday—

taking over from Haig and Whitehead.

"I always wanted to be a singer," he said, "but found I couldn't sing very well. Then I wanted to be a cricketer and found I couldn't play cricket very well. But now my company has got a foot in cricket."

Blackburn was born in Barking, Essex, went to Australia in 1968 and became a citizen ("I remember swearing allegiance to Queen Elizabeth the First of Australia"), and then back to Britain in 1973 to Fisons where fertiliser operations were taken over by Norsk Hydro.

Norsk's involvement with cricket will continue for the next two or three years. The company sees it as a tighter link with the farming community where it sells its products.

Shop assistance

One wonders what the reaction of the present-day owners of Harrods would be to the large-scale Charles Digby Harrod, son of Henry Charles Harrod, founder of the Knightsbridge firm.

By all accounts, Charles Digby, who joined the business in 1961, was an extremely hard-working and ambitious man. He expected a similar dedication from his staff, stressing they should always arrive at work with clean faces.

But he was not without his compassionate side. "If he saw a regular customer in financial embarrassment he was known to waive the bill entirely, murmuring to his salesman, 'See that he has what he needs and send the bill to me.'"

I gleaned these historical footnotes from the new Harrods Cookery Book. It will cost you £15, however financially embarrassed you may be.

Flighty tastes

The retirement planning magazine *Choice* has an advertisement for an "Almost vegetarian lady (50s)" who "enjoys budgetary..."

Observer



Dutch Guilders 75,000,000
8½% Bearer Notes 1979
due October 1, 1984/1986

As provided in the Terms and Conditions of the above Notes Redemption Group no. 2, amounting to Dutch Guilders 25,000,000.—has been drawn for redemption on August 15, 1985 and consequently the Note which bears consecutive number 2 and all Notes bearing a consecutive number which is a multiple of 2 are payable on

October 1, 1985

at Pierson, Helderling & Pierson N.V. (Central Paying Agent)

Algemene Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.

Bank Mees & Hope NV in Amsterdam

Deutsche Bank A.G. in Frankfurt am Main

Union Bank of Switzerland in Zürich

Banque Générale du Luxembourg S.A. in Luxembourg

August 29, 1985

CENTRAL BANKERS have a professional interest in sounding cautionary notes. But even by their own standards they are beginning to sound a little jumpy. We are, according to the Bank for International Settlements in its latest annual report, in a situation with no historical precedent. One moreover, where the central bankers' bank believes that "no guide to analysis can be found in past experience."

This warning refers primarily to the rapid internationalisation of the world's capital markets, which dramatically loosened the central bankers' grip on both monetary policy and banking supervision. It is widely echoed by individual central bankers, one of whom remarked to me recently that he and his colleagues felt "a certain humility" in confronting the task of supervision in view of the extraordinary pace of change in today's increasingly deregulated markets.

Clearly a very powerful genie has been let out of the bottle. But why? And how serious a threat does it pose to the financial structure?

The simplest way to approach these questions is to look at the changing nature of competition in the banking sector. In the immediate post-war period there was a widespread view that competition in banking was potentially destabilising and thus a bad thing. By the late 1940s this presumption started to break down in the

A powerful genie has been let out of the bottle

developed countries; controls on interest rates were progressively scrapped on grounds of market efficiency.

If the process got out of hand in the 1970s, when it suited governments and central banks to have the private banking sector play an imprudently large part in recycling Opec's financial surpluses, there have been no serious economic or regulatory response to the debt crisis has been to call for stronger balance sheets, not restraints on competition.

In the 1980s competition has moved onto a wholly different plane—and not merely sophisticated telecommunications and the lifting of exchange controls have eroded the importance of national boundaries in international finance. The novelty lies in the way deregulation has become an instrument of international economic policy, a competitive—and risky—governmental response to the problems, first, of an un-

International banking

Deregulation gains that add up to zero

By John Plender

balanced economic cycle in which exchange rates are seriously misaligned and, second, of low growth.

The most obvious example of the first type of response is the role played by deregulation in 1980 to relax exchange controls.

This move in reaction to the huge surplus on Japan's current account of the balance of payments was intended to curb the associated rise in the value of the yen.

There followed a huge outflow of private capital as Japan's savers forsook low returns in heavily regulated domestic markets for the higher yields available on dollar assets. But by contributing to a stronger dollar against the yen, the outflow exacerbated the trade imbalance between the U.S. and Japan. By 1983 the U.S. was pressing for the deregulation of Japanese interest rates, apparently on the assumption that higher Japanese rates would cause the yen to rise and Japanese exports to fall.

The competitive logic was perverse: the U.S. could not readily have financed its budget deficit in a non-inflationary way without access to Japan's savings. It also ran counter to other liberalising measures of a different kind—such as the abolition by the U.S. of withholding tax on income paid to foreigners—which were intended not only to ease the strain imposed by President Reagan's budget deficit on financial markets but to promote the interests of U.S. banks.

Such promotion, in which

governments and central banks seek increasingly to "sponsor" the financial sector much as governments sponsor textiles or agriculture, is really an extension of the export principle. The move is to win a growing share of business by offering a less restrictive banking environment than the international opposition. Gamesmanship of this kind has long been exploited by the Bank of England in promoting London's role as an international financial centre. But others are learning the rules.

The setting up in 1981 of International Banking Facilities (IBFs)—an artificially created offshore banking sector enjoying exemption from banking controls such as reserve requirements—has won considerable amounts of dollar business from the U.S. from Caribbean financial centres, if not from Europe. But the removal of withholding tax in 1984 has had more far-reaching effects.

Salomon Brothers argue that the change has contributed to a narrowing in the yield differential between Eurodollar bonds and domestic U.S. bonds to the point where international borrowers are finding the U.S. domestic market more attractive than hitherto.

The competitive response in Europe has been interesting, especially in West Germany, which was, in the 1970s, reluctant to see an expansion in the reserve role of the DM. As well as abolishing withholding tax on bond income paid to foreigners last year, the



authorities have allowed foreign banks incorporated in West Germany to lead manage DM-mark foreign bond issues, previously the protected preserve of a domestic cartel. The Bundesbank is actively seeking a bigger share of foreign markets for West German banks. And it now regards capital inflows as a healthy indication of confidence in the country's economic and monetary policies.

The Japanese, meanwhile, see a lucrative role for Tokyo as an international financial centre as the yen has been forced to take on an expanded role in international markets. And banking itself is becoming a contentious issue in European trade policy as the British, the West Germans and others demand reciprocity in Japanese markets.

The attractions of competitive financial deregulation to governments in Europe and Japan are that they do not require fiscal cuts as they do in the U.S. But the enlarged capital markets have also proved a fertile seed-bed for forms of innovation whose sole purpose is to beat the bank regulator. And the much-discussed phenomenon of securitisation, whereby lending is packaged into marketable commercial paper, removes good credit risks from bank balance sheets and leaves poor risks on them.

New instruments such as note issuance facilities (NIFs) which can involve a number of banks in providing different forms of credit in a single

package, entail the provision of guarantees which could theoretically be called simultaneously. Of around \$40bn of such paper in issue, only 10 to 20 per cent is estimated to have been drawn down. This central bankers' nightmare is compounded by the extraordinary fact that there is great uncertainty as to which of the banks involved a given Euro-note have accepted how much of the risk, if any.

All this puts an increased premium on capital adequacy and on central bank co-ordination. But some central bankers themselves are not past resorting to zero-sum games in the attempt to export problems of undercapitalisation from one country to another. A case in point is the Bank of England's decision to let British banks count perpetual floating rate notes (such as Midland's \$1bn issue this month) as part of their primary capital, while simultaneously insisting that the notes should count as a deduction from primary capital if they are bought by fellow British banks. Other bank supervisors, notably the Japanese, impose no such caveat. So a measure designed to prevent a domino effect in British banking has extended the range of the dominoes as Japanese banks buy British bank bonds.

At the other end of the scale considerable international discussion on a host of subjects including note issuance facilities

is taking place under the auspices of the BIS's banking supervision committee in Basle. But as the supervisors struggle to reach agreement, sharp-witted Eurobankers are already concocting new successor instruments designed to reconcile fat profits with thin balance sheets.

When confronted with this uncomfortable reality, the central banker's line of last resort is that self-discipline is the supreme banking virtue. A case of whistling to keep the spirits up? Not quite—because for another kind of financial discipline is re-entering the banking world by the back door. With bank loans increasingly taking the form of marketable paper there can be no more fudging when countries or companies run into trouble: the market will rapidly reflect changes in credit status by marking the paper to a discount.

The central bankers will still have to pick up the pieces. But retribution for the imprudent will be swifter.

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Lombard

The alternative to TINA

By Anatole Kaletsky

SUPERFICIALLY there may be all the difference between President Reagan's free-wheeling budget deficits and the fiscal asceticism of Chancellor Kohl's Germany. But the conservative economic movements throughout the world have had one all-important feature in common, expressed in Mrs Margaret Thatcher's favourite slogan—There Is No Alternative or TINA. During electoral periods, like the one approaching in the next year or two in most of the major industrialised countries, TINA is apt to reappear in another guise: all other policies have been tried and failed.

Most academic economists have ridiculed and denounced the TINA doctrine from its inception. But among economic officials, even those with no political affiliations, TINA's "tried and failed" version has been surprisingly popular, despite the fact that the analysis of policy alternatives was once the very essence of these people's jobs. It comes as a welcome change therefore that a book published last month by three senior economists from the Organisation for Economic Co-operation and Development turns out to be a clear attack on TINA, despite its ponderously uncontroversial title.

The OECD authors start with the incontrovertible fact that the period of "tried and failed policies" was in fact a golden age for world economic performance, whether measured in terms of GNP growth, employment, inflation, productivity or trade. Of course, broadly Keynesian policies in America and Britain, transmitted to other countries through fixed exchange rates, flexible monetary policy and free trade, did not succeed in eliminating all variations in employment and output. But these fluctuations took place within an extraordinarily strong and stable medium-term trend of growth. Since the "tried and failed" policies were progressively jettisoned after the abandonment of fixed exchange rates in the early 1970s, world economic growth has fallen to its long-term trend of 2½ per cent from 4.9 per cent rate registered in 1960-73.

This historical experience has never sufficed to refute the

TINA doctrine because "the very success of stabilisation policy may have slowly but steadily built up an inflation problem which was to manifest itself fully only in the 1970s," the authors point out. But even if it is accepted that the conquest of inflation had to become the top priority of the 1980s, did this require the tunnel vision of TINA?

The authors object to TINA not on the standard neo-Keynesian grounds that inflation is ultimately a political phenomenon which should be solved by social consensus on the distribution of income and wealth. Rather they argue that tunnel vision of any kind is undesirable.

The history of the last decade is littered with government decisions to give "absolute priority" to one policy instrument or another in the effort to curb inflation. Economic forecasts which have pointed to costs or dangers of these approaches have frequently been brushed aside—governments promised to change behaviour and preferred to ignore projections based on past economic relationships. Governments can avoid excessive fine tuning without "becoming tone deaf," the OECD authors argue by broadening their economic policies in three specific directions. They can show greater awareness of the costs of disinflation and the time lags forecast by econometric models. They can try to use a greater multiplicity of policy instruments, instead of announcing simple, one-dimensional targets. And they must recognise that fruitful co-ordination of international policies may amount to more than simple "convergence" around a single set of policies which may only amplify the inflationary or deflationary pressures in each individual country.

These are all excellent recommendations. But only if they abandon the political philosophy of TINA will governments which try them out win praise for flexibility, instead of being blamed for confusion.

Economic Forecasting and Policy—the International Dimension by John Llewellyn, Stephen Potter and Les Samuelson, Routledge & Keegan Paul.

Survival of the unfittest

From Mr P. Darwin
Sir.—Modern warfare puts man against nature in that it is the fittest who are killed off—anti-evolution. The same is happening in the City. Certain Pension Funds a group which have so lamentably failed employees by not reacting to the problem of the early leaver are trying to rape the investment trusts. Of course there are good and bad investment trusts. The pension funds obviously want the best. No one need worry about the bad. But when the best are attacked it is time to cry halt.

The good investment trust is probably the best long-term investment for the private individual there is, save only his house. It is, however, a long-term investment. Just as it is possible for the smooth car salesman to make one buy the wrong car, or estate agent the wrong house, so it is possible for the expert hired adviser to play down his hired status and to talk the gullible private investor into acting against his best long-term interests.

What the country needs from the City is capital for new industry. Though there are shining exceptions, the pension funds as a whole prefer to provide capital to large old quoted companies rather than to new emerging ones. Per contra, the investment trusts as a whole have been intelligent and successful in the provision of long-term equity capital for smaller ones.

If the City spends its energies in interminable warfare it will be letting industry down. Takeovers of industrial companies are our way of ensuring that better management replaces worse. Takeovers of well run investment trusts by pension funds that have been unable or insufficiently skilful to build up their own portfolio is a way of ensuring that bad management drives out good. This opportunity comes from a distortion in the market created by the special treatment accorded to pension funds.

The current bid by the Merchant Navy Officers' Pension Fund for Murray Growth has inspired these thoughts. One does not know whether MNOFF, not subject to public scrutiny, is well managed. One does know that Murray Growth is its figures show it.

Investment trusts to produce good results need to recruit and retain good managers when they have done so, and built up a good portfolio they are to see the fruits of their labour snatched from them by the pension funds. The pension industry will be the loser. Pension industry with the phasing out of the state earnings related pension scheme likely to increase demand for trust shares, as will any switch to

Letters to the Editor

personal and portable pensions. The discount may well disappear as a result of pressure on the demand side as it has in the USA since the introduction of the personal investment retirement annuity—as mentioned in the excellent Lex comment on August 27.

P. W. Darwin
4 Gore Street, SW7.

Site value rating

From (Dr) J. Catch
Sir.—Dr Sandilands' letter (August 28) contains a comment. He writes: "the benefit principle operates: those who occupy more valuable sites invariably enjoy greater amenities and are properly asked to make greater contributions." I infer that "amenity" is here a technical term meaning "enhancement of value arising from expenditure by local government." In this area of outstanding natural beauty the high value of housing land does not so arise; it is the result of natural beauty and the metropolitan and great central railways.

The owner of a "valuable site" has already paid for the "amenity" in the high purchase price. If he uses it profitably he will continue to pay all kinds of taxes. There is no justification for charging him excessive rates for his local government services. One might with equal propriety charge him more for his vehicle tax.

No, Sir: a per capita tax would sharpen the thinking of local voters about the costs of services (which are basically population-related) and who pays for them.

(Dr) J. R. Catch
"Weyland," Broom Barn Lane, Great Missenden, Bucks.

Colliery closures

From Professor D. Myddelton
Sir.—Would it be painting too rosy a picture to suggest that the art of accountancy has advanced during the present century? If not, I suppose Dr Hudson's call (August 22) for a moratorium on pit closures might have been even more appropriate in 1913 than he thinks it is now. But does he seriously believe it would make economic sense to be keeping

open today all the more than 3,000 British mines that were operating in 1913?

It will be interesting to see whether the forthcoming report by a group of distinguished senior accountants—respectful about the analysis by "accountants such as Perry et al" as is non-accountant Dr Hudson. As for Glyn, surely the Marxist analysis of the coal industry's position has been somewhat discredited by Mr Scargill.

The 1983 report of the Monopolies and Mergers Commission (with which Dr Hudson claims to be familiar) expressly says (para 19.23): "It would not be appropriate for us to define precisely the way in which the NCB should reduce excess capacity in high cost collieries. We do not attempt to specify... what individual collieries should be involved." Indeed the report says: "There is... a lack of the necessary information that would enable the management to base its decisions on... the real profitability or otherwise of individual operations." It is not clear, therefore, what Dr Hudson is talking about when he refers to the MMC's "procedures for deciding upon the profitability or otherwise of a colliery."

(Professor) D. R. Myddelton, Cranfield School of Management, Cranfield, Beds.

Railway morale

From the Chairman, South East Essex Rail Travellers Association.

Sir.—Mr A. Scott (August 22) touches on a point that has been totally ignored in the current debate on the railways. I talk to a cross section of railwaymen and managers and over the last two or three years one theme has become increasingly dominant, the potentially catastrophic collapse of morale at all levels in British Rail.

In private conversation many BR managers openly admit that morale throughout the industry is at rock bottom. It is claimed that should the economy improve, with a commensurate fall in the number of the unemployed, then railwaymen will leave the industry in huge numbers. Indeed I have been told that such would be the

exodus that BR would be unable to provide any sort of service over large sections of the rail network.

Even with current levels of unemployment, many are attempting to leave railway employment. Stories abound of voluntary redundancy schemes designed to reduce staff numbers by, say, 5 per cent attracting applications from more than 50 per cent of the staff at a depot. One depot in Essex is due to be closed in the near future and the staff receive constant requests from drivers at other depots to exchange jobs. The reason being to enable them to leave the industry with redundancy money.

The concern of Sir Robert Reid and Mr Jimmy Knapp should be not with how many staff are needed to operate a train but rather how to ensure that there will be anybody left to do the job in the near future. Terence R. Lake, 45, Ashington Road, Rockford, Essex.

The computer stakes

From Mr E. R. Honnor

Sir.—I think many readers will have shared, if to a lesser extent, Mr Lanchant's experience (August 24) of true correspondence with American Express.

But I have a new name—and an unexpected one—to enter in the uncomprehending computer stakes. Marks and Spencer.

Heavily handicapped by a hitherto deserved reputation for efficiency, they have nonetheless set a cracking pace with their late runner, Chargecard. Well named, indeed, since it only makes charges and reflects credits. After just three full months—otherwise known as monthly accounts—I am tipping Chargecard as a really promising newcomer.

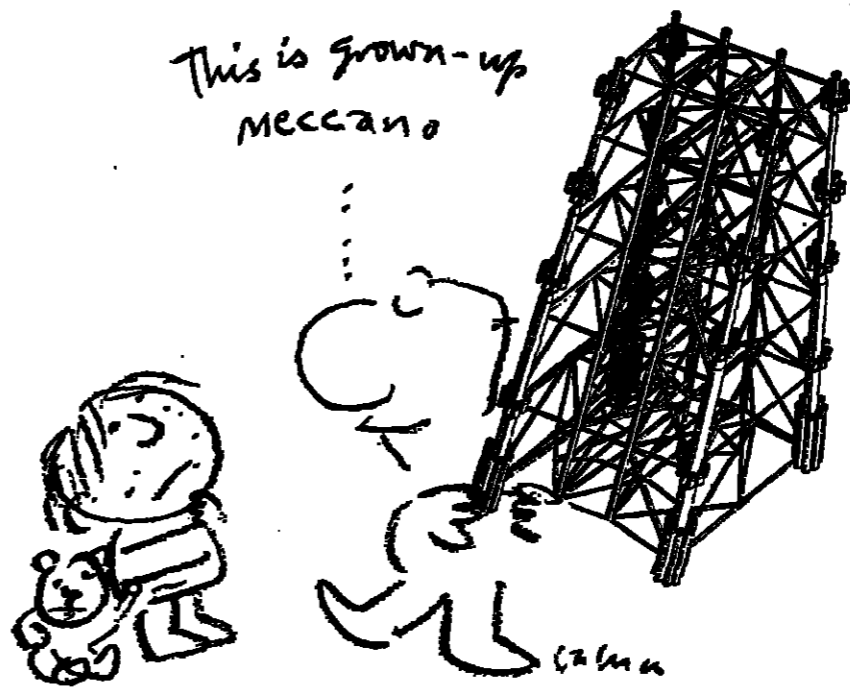
Some 600,000 punters have already put their money on Chargecard. Clearly many have had similar experiences to my own since the latest message from the Chester stable is that the "enclosed account" is almost certainly incorrect or incomplete.

And they are right. It's both. And for the third month running.

I have addressed myself to the RAYNERS as well as to his stable jacks... but to no avail. Still the computer presses on regardless.

So I urge readers to place their bets before it's too late. American Express may look good in the form book but some knowledgeable money is already riding on Marks and Spencer's Chargecard.

Roy Honnor, 25, Pembroke Square, W8.



Turn of the century Liverpool was a powerhouse of industrial activity and invention. There, in 1901, Frank Hornby devised the system of nuts, bolts and girders that we know as Meccano.

At the same time and also on the banks of the Mersey, we were in our adolescence—and much too busy to concern ourselves with a toy like Mr. Hornby's.

Eighty-four years on, in our hundredth year in the UK, we have no such teenage inhibitions. In the North Sea, our £400 million tower of steel is one of Britain's newest oil production platforms. Built with the best of contemporary British technology and know-how, the platform's component parts were assembled offshore in just 23 days.

That's a near-record for the North Sea.

And not a bad time for the playroom floor, either.

Mobil

JOBS COLUMN

New golden posting for executive venturers

BY MICHAEL DIXON

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You will be a graduate, aged 26-30, with a minimum of two years' experience in the swaps market, and currently working for a recognised leader in this field. You will have a thorough knowledge of structuring and executing both interest rate and currency swap transactions.

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MP

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WHICH country offers the biggest boost in earnings as an overseas posting for globe-trotting executives?

The People's Republic of China, says Neil Krupp, a vice-president of the Runzheimer International management consultancy in the U.S. which keeps watch on pay and living costs throughout the world. "Companies are falling over one another to build up business in the PRC, and the salary multipliers you can get for working there now look to be the highest available anywhere," he told me the other day.

For a start, the 34 multinational groups Runzheimer has lately surveyed offer handsome pay premiums just to entice key staff to go out to China in the first place. The initial premium averages almost 22 per cent of the person's basic salary.

"But that's far from all," Mr Krupp went on. "For companies still treat the country as a 'hardship' post, even though living conditions there for foreigners are getting better quickly—especially in the major centres of business and population like Beijing, Shanghai and Guangzhou which we used to call Canton."

"The average hardship premium worked out at just over 25 per cent of base salary. And that, like the initial premium, all represents money in the bank to executives who go."

Once there, few of them apparently have to dig deep in their own pockets to meet personal living costs. Even though most are on postings of at least two years, their employer typically pays for them to live in hotels, eat in restaurants and go to and fro in taxis or, more rarely, a rented car with driver.

"Conditions for driving your self around aren't comfortable for westerners. If you get into an accident, for instance, you're in a lot of trouble," I was told. "The reason they live in hotels and so on is that housing for rent is extremely hard to come by. They mostly work from an hotel too—quite often a different one—because rented office space is just as scarce or scarcer."

"There's a drawback to it, because it means there is no point in taking your spouse there, never mind children. They'd be stuck in an hotel and when the newness wore off have very little to do. The spouse would hardly have a chance of getting a job, and there's only so many times anyone wants to go to the Great Wall."

Even so it is to be hoped that the expatriate staff themselves can find interesting things to do, because they have plenty of leisure in which to do them. Quite apart from normal holidays, there was an entitlement to at least a week off for every four months work for 82 per

cent of the China-based executives identified by Runzheimer's study.

The bulk of them were Americans. Of the rest, 33 per cent were Europeans, 30 per cent from other Asian countries, 16 per cent Australians, and 15 per cent Canadians. The remaining 6 per cent were from a variety of different places.

Marketing people made up the biggest single group—just over half—with service and technical support staff next and manufacturing folk third. Finance specialists accounted for 15 per cent.

If any reader feels tempted to join them, the prospects seem fairly good. Of the multinational groups surveyed, 43 per cent were planning increases in the number of Americans they employ in China over the next year and half intended to send more expatriates of other nationalities there.

Fund managers

THREE fund managers are wanted by Michael Reid, managing director of the Aitken Hume International group's United Kingdom investment management companies. They are Aitken Hume Home Funds (Management) and Aitken Hume Portfolio Management. One of the newcomers will specialise in income-generating funds, the second in the Pacific

basin, and the third in UK funds of all kinds. They will be based in London.

Besides a record of success in one of the three specialisms, candidates need managerial ability, the skill to present their case in seminars as well as one-to-one negotiations, and willingness to visit and get to know portfolio companies.

Salary range—dependent on record—£20,000-£50,000 which Mr Reid expects the recruits to double by way of their results-related bonus. Perks include car and subsidised mortgage.

Inquiries to him at 1 Worship Street, London EC2R 7HS; telephone 01-638 6011.

Consultants

THE SECOND of today's bulk orders comes from Brian Lancaster of the Midlands-based "human resources" division of the management consultancy wing of Thornton Baker.

He wants two full-time and up to three part-time consultants to join him in providing various personnel services to client companies across the middle layer of England which do not employ the requisite specialist staff in-house. Services to be supplied include selection by search and advertising, personnel and industrial relations services from individual employment contracts to collective

bargaining, and redundancy counselling and the like.

Although the selection work is the main priority at present, the preference is for candidates able to undertake some if not all of the other activities. But while contacts and experience in consultancy would be helpful, applicants do not need to be personnel specialists as such. They could also come from general or marketing management, for example, and be of any age provided they are energetic and are "as at ease in a boardroom as they are happy to work with their coats off," Mr Lancaster says.

"So long as they are within reasonable commuting distance of Birmingham, it doesn't matter where they live."

Salaries for full-timers about £20,000 with car among other benefits; part-timers pro rata. Inquiries to Thornton Baker Associates, Kennedy Tower, St Chad's Queensway, Birmingham B4 6EL; tel 021-236 4821, telex 357955 TB Sham G.

Hotels finance

THE THIRD bulk order comes from recruiter Gary Laurence of Selected Accounts Personnel who is offering an assortment of jobs for successful financial managers with hotel groups in the UK, which he says are enjoying "boom conditions."

Since he may not say who his clients are, he promises to abide by any applicant's request not to be identified to the employer at this stage.

In every case, candidates should have a sound knowledge of the financial aspects of the hotels business or a closely related field. They also need to be abreast of development in computer applications, demonstrably able managers, and skilled communicators. Qualified accountants will have an advantage.

The first opening is for the finance director of the London-based UK hotels division of a big leisure group. The salary indicator is about £35,000. The perks include a car—as is also the case in the other three jobs offered by Mr Laurence.

The second is for a regional financial director to be based west of London with an international company. Salary will be around £30,000.

Third comes the post of finance director designate with a quoted group planning expansion, at present headquartered in the south Midlands. Salary up to £25,000.

The fourth is for the chief accountant at the central offices, close to London, of a UK group's hotels division. Salary about £22,500. Inquiries to Suite 321, 52-54 High Holborn, London WC1V 6RL; tel 01-242 0509.

BADENOCH & CLARK

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£50,000 + Bonus

Our client is a medium sized, highly regarded U.S. Stockbroker which has recently committed substantial resources to developing and expanding its business in the U.K. As part of this expansion they are seeking a Sales Executive or Jobber to market U.K. equities to institutional clients, building on an existing base as well as developing new business. The successful candidate should possess a wide knowledge of the U.K. equity markets, a market-making mentality, and should have gained several years experience in a reputable house. Prospects appear excellent for an ambitious individual keen to apply his/her experience in an entrepreneurial environment.

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Due to the continued and successful expansion of its Sales desk, two new opportunities have arisen for executives to market Euro notes to European and Middle Eastern customers. Our client, the investment banking arm of a major North American bank, would like to meet applicants with two years experience gained with such instruments as FRNs or C.D.s. Interested applicants will be graduates, preferably with a degree in Maths or Economics, who should also have some knowledge of the Syndication Market. This represents an excellent opportunity for talented young executives to further their career within a prestigious and rewarding environment. For a confidential discussion of these positions please contact Christopher Lawless or Stuart Clifford.

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Applicants should write in strict confidence, enclosing full CV to Barry Compton, Ernst & Whinney, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

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Gordon Wiles (Ref. 30).
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Mrs. A. W. Dumford, Senior Personnel Officer,
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London EC2P 2AJ.

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Initiative and exceptional interpersonal skills are essential if you are to succeed in contributing to our growth in this market.

You should have a minimum of 2 years' gilt sales or trading experience, ideally gained with a stockbroker or major U.K. institution.

Our development programme encourages you to devote a substantial amount of time familiarising yourself with the Firm in London and New York, and the key aspects of investment banking as they relate to the gilts market.

We offer a highly competitive compensation and benefits package.

If you have the necessary skills required for these demanding opportunities, please write in complete confidence enclosing your curriculum vitae to:

Jack S. Pine, Salomon Brothers International Limited,
One Angel Court, London EC2R 7HS.

Salomon Brothers International Limited

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If you can meet the challenge of the travellers' cheque market place, here is your opportunity to contribute to the growth of American Express business throughout Europe, the Middle East and Africa.

This new Brighton based position will be responsible for the management of travellers' cheques selling incentive arrangements. You'll handle all the associated reporting, implementation and administration, plus the development and maintenance of fail-safe computer support systems.

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Ideally knowledgeable in net present value techniques and in international banking procedures, you must be able to develop the data base handling incentive relationships and provide innovative systems, analyses and reports.

You can expect a salary package commensurate with the responsibilities of this key position. A comprehensive range of generous benefits will include relocation expenses where appropriate.

Please write, enclosing a copy of your full CV, to: Mr. M. Whippy, American Express Europe Limited, Amex House, Edward Street, Brighton, South Sussex, BN2 2LP.

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We are currently seeking additional experienced personnel to build up a market-making capability in both gilts and equities as soon as permitted by The Stock Exchange.

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Please write, in strict confidence, giving full details of your background and career so far to: Michael T. Brookes, Associate Director, Personnel, Nomura International Limited, Nomura House, 24 Monument Street, London EC3R 8AJ. Tel: 01-283 8811.

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Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to G. Soble, Hoggett Bowers plc, St. John's Court, 78 Garside Street, MANCHESTER, M3 3EL, 061-832 3500, quoting Ref: 29634/FT.

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Educated to degree level, ideally in Economics, your career record will combine successful experience in a sales role with exposure to corporate finance, financial analysis and cost accounting. Willing to undertake frequent trips to Spain - in order to meet potential clients - you will be thoroughly familiar with both the country and the language. In addition, fluency in other European languages and work experience with a multi-national organisation would be highly desirable.

There will be a competitive salary and benefits package.

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The salary, which includes an attractive benefits package, is negotiable and will reflect a candidate's ability and experience.

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to the Visa operation and the remuneration package fully reflects our desire to attract men and women of the highest calibre - and a competitive salary structure and full benefits package will be offered.

Write, enclosing CV and current earnings to G.G. Gordon Esq, Assistant Staff Manager, Bank of Scotland, Staff Department, P.O. Box 133, 62 George Street, Edinburgh EH2 2RA.

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Candidates will need to possess a high level of technical competence. They must be able to demonstrate sound management skills and be able to offer a good track record of achievement within a multi-disciplined project management environment. Banking experience is essential as is the ability to liaise effectively at senior management level and be sensitive to the demands of differing user Divisions. Knowledge of Information Centre concepts although not essential would be preferred.

Please forward a comprehensive Career Résumé to Haydon Parry at SCR's South Office quoting Ref. HP601/FT. Total confidentiality will be assured.

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Starting salary will be fully competitive. Other benefits are excellent and include non-contributory pension, London allowance and assistance with relocation expenses, where appropriate. Please write or telephone for an application form, quoting ref. B.256, to:

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For full job description write in confidence to Mark Lockett at JC&P Selection Consultants, 104 Marylebone Lane, London W1M 5FU showing clearly how you meet our client's requirements, quoting ref. 9106/TT.

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EXECUTIVE/DIRECTOR FINANCIAL SERVICES

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Applications to:- Mrs. S. Becker, St. Paul's House, Warwick Lane, London EC4P 4BN

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International Appointments

Financial Manager Lagos, Nigeria

Johnson Wax is a highly successful international group, manufacturing and marketing a wide variety of top-selling consumer and industrial products, many of which are brand leaders. Operating manufacturing facilities in countries throughout the world; this senior appointment, with Johnson Wax Nigeria, carries responsibility for the control of the entire finance function; providing management with the financial information necessary for continued growth and expansion.

Ideally we seek a Nigerian national wishing to repatriate; however, a suitably qualified European interested in a long-term position would also be of interest in which case an expatriate compensation package would apply. With a recognised UK accountancy qualification; you must have proven knowledge of financial principles, planning and computerised systems. Ideally you will have at least 5 years' post-qualification experience in financial management, of which 2 years must be in a senior position. Fluent English, familiarity with a multi-national business environment and western accounting practices plus highly developed inter-personal skills are prerequisites. A highly competitive remuneration package will include relocation expenses, profit sharing scheme, a company car, generous housing allowance and free medical care for self and family.

Please write with full personal and career details to:

John Phillips, Area Personnel

Director

Africa/Near East Region

JOHNSON WAX LIMITED

Milton Park, Stroud Road

Egham, Surrey TW20 9UH

Johnson Wax

Treasury Manager BP Capital B.V.

BP Capital B.V. is a subsidiary of British Petroleum Maatschappij Nederland B.V. (BPMN) and operates as a finance company raising finance, investing surplus funds and undertaking financial arbitrage activities. BP Capital B.V. is associated with BP Finance International, the international finance arm of The British Petroleum Co. p.l.c.

We seek an experienced Treasury Manager for BP Capital B.V. who will also perform the Treasury function for other subsidiaries of BPMN. Candidates must be Dutch nationals and university graduates, preferably with appropriate additional qualifications, with at least five years experience in directly relevant international merchant investment/banking activities. Age 30-35 years.

This is a new position with considerable prospects and opportunities for career development as part of BP's international finance staff. A person of outstanding qualities is required.

Further information is available from: Mr. R.A. Ruijter, CPA, Group Accountant BPMN, Tel.no 020 (Amsterdam) 520 12 27.

Written applications only with full c.v. to: Mr. P.R.C. Reeves, General Manager BPMN, Frederiksplein 42, 1017 XN Amsterdam, The Netherlands.

BRITISH PETROLEUM MAATSCHAPPIJ NEDERLAND B.V.



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International Audit Newly Qualified Accountant

Our client is a diversified multinational US corporation with several autonomous subsidiary companies in the fields of manufacturing, retailing and industry. Its corporate audit department works to the highest professional standards and now seeks to recruit an accountant who will be:

- newly qualified or equivalent with 3-4 years' experience in a large professional firm
- fluent in English and at least one other European language, preferably Spanish or Italian
- motivated by the prospect of international travel
- ambitious to forge a future career within the company.

An exciting audit plan has been formulated for 1986 including assignments to Australia, Mexico and throughout Europe.

You may be based at the European city of your choice and return at weekends when on assignments within Europe. Interested candidates should contact James Forte or David Nicholson on London 01-831 0431 at Michael Page International, 39-41 Fackler Street, London WC2B 5LH.



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Treasury Coordinator The Hague cDfl 75,000

Our client, a multinational in the oil services industry, is now seeking a Treasury Administration Coordinator to be based in The Hague, Netherlands.

Responsibilities will include:

- Investment fund control
- Funds transfer
- Computer systems maintenance and development
- Management reporting
- Bank relations

Candidates should be ideally aged 24-28, graduates, having gained accounting experience within the treasury department of an industrial group or bank. Familiarity with IBM 36 and Personal Computer applications would be a useful asset.

For a self motivated individual with the ability to work independently, international career development prospects within the group are excellent. Initial training will be provided in London.

Interested applicants should contact John Archer on 010-322-648 1384 or send a comprehensive curriculum vitae to Michael Page International, rue Vainin XIII 55, Box 11, 1050 Brussels.



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The Bahrain Petroleum Company BSC (Closed) has a vacancy for a Senior Auditor in its Internal Audit Department.

Candidates will be a graduate Chartered Accountant with two years post qualifying experience with a large firm of accountants followed by 3 further years in petrochemical or allied industry carrying out a mixture of operational and financial audits.

Familiarity with computer audit techniques is essential and previous overseas experience would be an advantage.

This is a single status appointment and we envisage a 2-3 years commitment starting in January 1986.

Application forms are available from:-

Personnel Relations Department

City of Bahrain

161 Hammersmith Road, Hammersmith

London W6 8BS

or telephone Mrs S Harris on 01-748 6565

quoting reference 1352

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• Arbitrage market

• Understanding of FRA and interest rate swaps would be an advantage.

These positions offer competitive salaries paid in Bermuda dollars at par with the US dollar. Benefits include full hospital and medical insurance. There is no income tax in Bermuda. Relocation expenses and airfares are provided.

Resumes should be addressed to:

Alan Graves, Senior Manager - Personnel,

The Bank of N. T. Butterfield & Son Limited,

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TO APPOINT A

Credit & Marketing Manager

Candidates should be graduates and must have had a minimum of ten years' experience in international credit and marketing with a leading bank. The post bears the responsibility, not only of supervising and developing an effective marketing team, but also responsibility for the credit portfolio. The position is Cairo based at the Regional Office and reports directly to the Regional Manager. Preference will be given to Arabic speakers.

Applications to Box A9107, Financial Times
10 Cannon Street, London EC4P 4BY

Principal Auditor Tuvalu

The incumbent will have responsibility for the auditing of all public accounts for all ministries, offices, courts and Government Authorities together with the submission of statements to Government.

Other tasks include the monitoring of other functions in relation to supervision and control of expenditure; the auditing of statutory bodies and the advising generally on commercial matters.

Candidates should be British Citizens, aged 40-45, and should be ACA, ACCA or CIPFA, with at least five years post qualification experience, preferably in auditing related to central or local government accounting.

The appointment is on contract to the Government of Tuvalu for a period of two years. Local salary is \$40,000 p.a. plus a tax free supplement, payable by G.O.T. in the range \$25,000 to \$35,000 p.a. A termination gratuity of 25% of local salary may also be payable on satisfactory completion of contract. Other benefits normally include free passages, children's education allowances and subsidised accommodation.

Exchange rate as at 13 August 1985 - \$100 s.d. - Australian \$159.95.

For full details and application form, please apply quoting ref. A930/M/PT, stating post code, and giving details of age, qualifications and experience to: Appointments Office, Overseas Development Administration, Room 301, Abercrombie House, Embankment Road, EAST KILBRIDE, Glasgow G5 8EA.

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Barbados National Bank
requires a Managing Director

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The Bank operates a non-contributory pension scheme. However, a contractual appointment will be considered.

An attractive salary and other conditions of employment are offered.

Applications, supported by at least two (2) references, should be addressed to:

THE CHAIRMAN

BARBADOS NATIONAL BANK

HEAD OFFICE

11, JAMES STREET

BRIDGETOWN, BARBADOS

to reach him not later than 15th September 1985

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Circa 26,000 Pounds Sterling (Tax Free)

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The company requires the services of a professionally qualified accountant with at least one year's post-qualifying experience to handle its own computerised accounting function and to maintain records and prepare financial statements for clients.

In addition to salary, the position carries other benefits including non-contributory pension scheme, subsidised staff loans after a qualifying period etc.

Applications accompanied by a c.v. should be made in writing in the first place to:

THE EXECUTIVE VICE-PRESIDENT,

CAYMAN OVERSEAS TRUST CO. LTD.,

P.O. BOX 1790,

GRAND CAYMAN

B.W.I.

Chief Accountant Morocco

Johnson Wax, a multi-national based company is looking for a Chief Accountant for our developing subsidiary in Casablanca. Ideally you will be a Moroccan national wishing to repatriate; however, a suitably qualified European seeking a long-term position would also be of interest.

You should be a qualified accountant with several years' relevant supervisory/management experience, coupled with good organisational ability. Experience of implementing financial systems in a start-up situation would be an added advantage; while fluent English, familiarity with a multi-national business environment and western accounting principles are prerequisites.

A highly competitive remuneration package will include relocation expenses.

Please write with full personal and career details to:

John Phillips, Area Personnel

Director, Africa/Near East

Region, Johnson Wax Limited,

Milton Park, Stroud Road,

Egham, Surrey TW20 9UH.

Johnson Wax

Accountancy Appointments

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We need able and ambitious young accountants, whose success will lead to a 'fast track' career to senior management in one of the world's leading businesses. BP always has an eye on the future. It is a highly profitable company that looks ahead and has a habit of staying ahead.

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a wide knowledge of how a major multinational is managed, there will be opportunities for you to progress further a financial or commercial career in Group Head Office, or in a BP business in London or overseas.

You must have a good degree and professional examination record. Fluency in a foreign language will be an advantage.

We are offering the best salaries for the best people, plus excellent benefits, including non-contributory pension and relocation assistance where appropriate.

To find out more either telephone David Lear on 01-920 6957 or write to him for an application form, quoting ref. B257, to: Group Head Office Personnel, The British Petroleum Company p.l.c., Britannic House, Moor Lane, London EC2Y 9BL.

BP is an equal opportunity employer.

The British Petroleum Company p.l.c.

The four principal accountancy posts featured here are based in various areas of the Civil Service. They represent a pinnacle of responsibility and influence for the Professional Accountant.

One ACCOUNTANCY LECTURER to develop the Finance and Accountancy (Management Appreciation) courses for senior Civil Servants. Your approach to this challenging post must be imaginative and constructive in conveying the principles of financial management. Firm but sensitive communication skills are essential. This post is at the Civil Service College in London or Sandhurst, Berkshire.

Two ACCOUNTANCY INVESTIGATORS to work in the enquiry branch of the Inland Revenue. This

absorbing work will require you to advise the Tax Inspectors on points of accountancy law and practice during the course of their investigations into tax irregularities. The post demands someone with comprehensive professional office experience. You must have an incisive, inquiring mind and the confidence to carry out high level interviews and give evidence in contentious cases. 2 posts, 1 in London and 1 in Nottingham.

One AUDITOR as Head of Section in the Internal Audit Branch of the Department of Trade and Industry. Leading the section concerned with nationalised industries, you will manage, plan and programme the work of the section, supervising audit procedures and assist

in training at section and branch level. 1 post in London.

All candidates must be Chartered, Certified, Cost and Management or Public Finance Accountants or be eligible for admission.

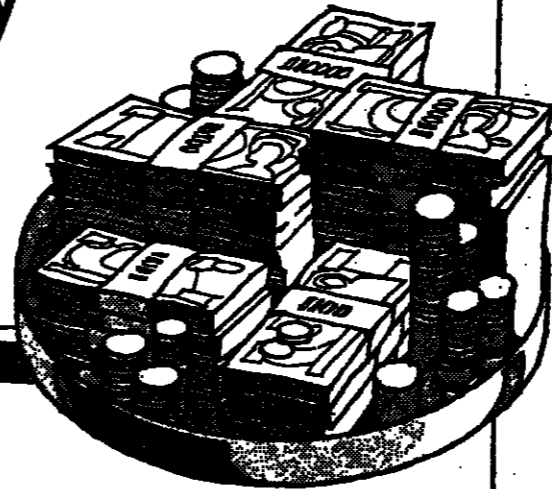
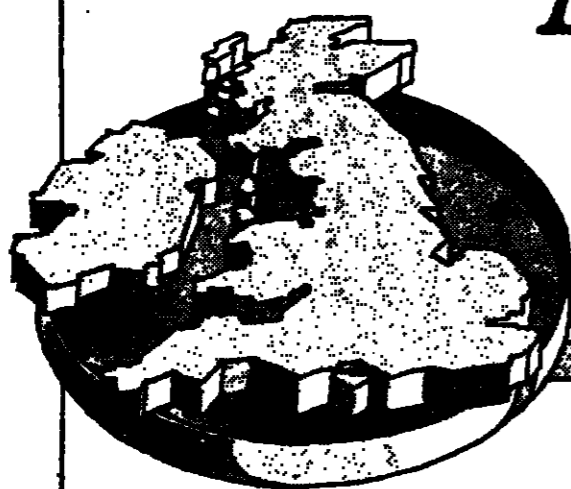
SALARY: £13,565-£18,360. £13,565 higher in London. Starting salary according to qualifications and experience. Promotion prospects.

For further details and an application form (to be returned by 20 September 1985) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours).

Please quote ref: G(4)686.

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MIS Audit Manager

RCA International, a division of the US multinational Corporation with interests in the electronics and entertainment industries, is seeking to fill the position of MIS Audit Manager, reporting to the Director of Auditing, based at our offices at Sunbury on Thames, Middx.

Candidates should have MIS computer audit experience in financial application reviews, systems development, audit software, systems security and data centre auditing, in addition to a financial qualification.

The position will carry responsibility for European, Far East and South American operations and require up to 40 percent travel. Prospects for internal advancement are excellent.

This key post offers an attractive remuneration package including Company car and other benefits.

Replies, with detailed resumes, to: Pam Torma, RCA International Ltd, Norfolk House, 31 St James's Square, London SW1Y 4JR.

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LLOYDS BROKERS REQUIRE
a) CHIEF ACCOUNTANT. Qualified. Circa £25,000. Age 28/35. Experience essential.
b) SYSTEMS/DP MANAGER. Circa £25,000. Age 28/35. Experience essential.
c) MANAGEMENT ACCOUNTANT. Qualified with 2 years commercial experience not necessarily in insurance. £16-17,000. Age 28/35.
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e) CREDIT MANAGER with good R.I. experience to sort out closed accounts and collect balances due. £20,000. No age limit. This is with a major broker in Essex.

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All positions are in the city unless otherwise stated. We specialise in placing accountants in the insurance industry.
Contact G. Hamill FCA, ACMA, MSA (Harvard), FINANCIAL CONTROL PERSONNEL LTD., St. Giles Lodge, Chalfont St. Giles, Bucks, HP8 4RZ. Tel: (04947) 4291

International Controller

Figure in our new enterprise!

Our client is a major and highly profitable international company in the manufacture and marketing of coated fabric labels. Their planned expansion and the establishment of a brand new manufacturing plant in the Manchester area, has created this interesting opening.

Reporting directly to the Managing Director, the person appointed to this key role will be responsible for budgeting, cost accounting, importing and exporting procedures and a wide variety of administrative and financial matters.

Applicants should be self-motivated, ambitious and professionally qualified accountants, with the communicative skills required to liaise directly with clients and suppliers. Broad experience in a manufacturing environment and a knowledge of UK and European tax requirements would be most advantageous.

An attractive negotiable salary and benefits package is offered along with excellent prospects for career advancement.

Please write with full c.v. and present salary, to John Smith, PER, Lowry House, 21 Marble Street, Manchester M2 3AW. Telephone: 061-832 3366.

PER

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Financial Controller

South/West Midlands

c £20,000 + Car + Benefits

Our client is a profitable subsidiary of a major public group engaged in the manufacture and worldwide distribution of a range of well known food products.

A top flight Financial Controller is currently sought to report to the Managing Director and assume full responsibility for the finance function. Particular emphasis is placed on strategic planning, the identification and evaluation of new business opportunities, including company acquisitions, and the provision of broad based financial advice to other members of the senior management team. The incumbent will receive considerable exposure to an international marketing environment and will be expected to

undertake an element of overseas travel.

Candidates, aged 26-35, should be qualified accountants with an agile, analytical mind, an outgoing personality and a strong commercial outlook. Previous experience within a forward looking consumer orientated or high volume industry would be a distinct advantage.

An attractive remuneration package is offered along with relocation expenses where appropriate.

Interested applicants should write to Dean Collings quoting reference B6190, at Michael Page Partnership, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.



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ACAs 26 - 33

both to £25,000 + car

Our client is a major independent West Country firm of chartered accountants which has enjoyed rapid growth combined with a modern and cost effective approach to client advisory work. It has an urgent need to recruit a general practice partner designate and a technical/training partner designate.

Candidates should ideally have good academic and professional backgrounds reflecting both small and large firm experience. For the technical/training role previous experience is not a prerequisite but enthusiasm and genuine interest in the role certainly is.

A detailed information booklet is available on these positions, which can be obtained by contacting George Ormrod BA (Oxon) or Geraint Evans LLB on 01-836 9501 or writing with a copy of your cv to Douglas Lambias Associates Limited at our London office quoting reference No 6413.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PE. Tel: 041-226 3101
113/115 George Street, Edinburgh E2 4JL. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LAMBIAS
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Accountancy & Management
Recruitment Consultants



Accountancy Appointments

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examination.

We propose to publish the list in our issue of Thursday, September 26, which will also contain several pages of advertisements under the heading of 'Newly Qualified Accountancy Appointments'. The advertising rate will be £37.00 per single column centimetre. Special positions are available by arrangement at premium rates of £44.00 per column centimetre. Newly Qualified Accountants, especially Chartered, are never easy to recruit — don't miss this opportunity.

For further details
please telephone:
Louise Hunter
on 01-248 4864

Financial Times
EUROPE'S BUSINESS NEWSPAPER

Exceptional development opportunity Young Financial Manager

Thames Valley mid-20s c.£20,000

Mars Confectionery has a record of profitable growth which has made it the leading manufacturer in the UK's biggest packaged-goods market. A key factor in maintaining this impressive commercial success continues to be the effectiveness of our financial management and controls.

Following internal promotions, this challenging opportunity has arisen for an outstanding young accountant to join our highly professional team. Initially, responsibilities will include the management of a small group engaged in financial accounting, but the ability to contribute to the company's overall financial management is also of key importance; you must therefore be capable of expanding the horizons of your role, influencing the business, and gaining acceptance for your ideas.

A qualified accountant in your mid-20s with a good degree, you will already be able to demonstrate an impressive record of achievement — gained either in industry, or in the profession — and you are now looking to broaden your experience in a fast-moving business environment.

First-year earnings of around £20,000 (in a range rising to £28,000) will be backed by a comprehensive non-contributory benefits package including relocation assistance if appropriate. Success in this stimulating role will lead to excellent prospects for further career advancement — not necessarily restricted to financial management — within Mars Confectionery or other Mars Group companies in the UK or overseas.

Please ring or write for an application form to Rob Sawyer, Management Development Manager, Mars Confectionery, Dundee Road, Slough, Berkshire SL1 4JX. Tel: Slough (0753) 23932, ext. 4645.

Mars

Opportunities within Audit Knightsbridge



One of the world's leading energy companies, Texaco has a significant presence in this country. We market our products throughout the UK, have a refinery at Pembroke, and substantial exploration interests around the coast of Britain. We currently need to fill the following positions within our audit department to ensure departments' compliance with company policies, financial and operating procedures.

Internal Audit Manager

The manager will direct the audit staff to undertake the various audits within our central office, refinery, North Sea areas, depots and terminals and service stations. You will be responsible for investigating and reporting upon any irregularities. You should hold a recognised professional accounting qualification (preferably ACA or ACCA) have a proven track record within audit and supervisory experience.

Auditor/Computer Auditor

We are looking for a field auditor and a computer auditor. The field position will audit the various locations and offices of Texaco in the UK, while the computer audit activity is primarily central office based. Both positions report to the Manager Internal Audit. Preferably you should hold a recognised professional accounting qualification and be working in an audit environment, however, if you have recently qualified as an ACA or ACCA this is an ideal opportunity for your first step into industry. The computer audit position would be open to individuals currently engaged in that activity or for those qualified individuals with an aptitude for a computerised environment.

We offer a salary commensurate with age and experience along with other benefits associated with positions of this nature and a large organisation. For the right person wishing to progress within our organisation, especially into line management, our audit department provides considerable exposure to all facets of the Company's operations.

Please apply in writing giving your full career details to:

Ms A Ellison, Personnel Officer, Recruitment,
Texaco Limited, 1 Knightsbridge Green,
London SW1X 7QJ.

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Truman Miles

Management Recruitment
Consultants

ACA's for Merchant Bank

A respected City House, in the forefront of today's financial service markets, offers an accounting introduction to graduates aged 25-27. Application is not restricted to just the large London Offices, or to Bank Audit experience.

A mortgage subsidy and relocation assistance is provided amongst traditional benefits, together with a good initial salary for these appointments as Chief Accountant of a specialist subsidiary or to the Audit and Investigations team.

The Bank has an excellent reputation for providing career advancement opportunity and will give early recognition to ability and ambition.

Call or write, in confidence, to Bob Miles 01-248 2802/3 and 01-548 0085 (Home)
10/11 Bishops Court, Old Bailey, London, EC4M 7EL.



Financial Controller

Peterborough

c£18,000 + car + bonus

Our client Thermastor Limited is a dynamic, expanding company in the highly competitive home improvements sector. Their annual turnover exceeds £20m and they employ some 900 people nationwide.

An ambitious Financial Controller is now sought to fulfil a vital role in the financial management of the company. Reporting to the Group Financial Director, the position carries responsibility for all financial matters with particular emphasis on manufacturing cost control, forward planning and the overall commercial development of the business.

Candidates, aged 28-34, will be qualified accountants (ACA/ACMA/ACCA) with a shirt sleeves approach, a sound record of achievement to date together with strong commercial flair and the ability to communicate at all levels. Previous exposure to a high volume manufacturing environment would be a distinct advantage.

Candidates capable of reaching a board appointment within the next 3 years, should contact Andrew Farr on 021-643 6255 or write to him, enclosing a comprehensive C.V., quoting ref. 6191, at Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.



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LEICESTER HOUSING ASSOCIATION LTD



Leicester Housing Association is a registered Housing Association with 2,250 units in management and an annual programme for 'new-build' and 'rehab' properties in the East Midlands Region, and seeks—

Assistant Principal Finance Officer (Leicester Based)

(Grade 5/6: £12,233-£9,299 p.a.)

This person will be expected to become conversant with the Housing Corporation Scheme of Procedure, Housing Corporation Practice Circulars, the H.A.G. Allowance Structure and to be able to deputise for the Principal Finance Officer (Capital). The Association has embarked upon an extensive computerisation programme and the successful candidate will be closely involved in the mechanisation of capital accounting and will be also expected to develop, and continually appraise, technical accounting practice and procedure within the Section. Particular reference will be placed on accounting for Special Projects, mixed capital funding, improvement for sale and Right to Buy.

To meet the requirements of this post, we are seeking someone who is experienced in housing association accounting procedures, and will probably hold an intermediate level accounting qualification.

For application forms and a job description, telephone Patricia Hobson on Leicester (0533) 546216.

Completed applications to: David Swire, Director, Leicester Housing Association Limited, 44, Princess Road East, Leicester LE1 7DG.

Closing date: 16th September, 1985.

NOTE: Leicester Housing Association has adopted a positive-action policy on race and housing.

SAGAR-RICHARDS LIMITED a member of the SUTER Group, supplies the world automotive industry with ferrous and non-ferrous components for transmission and specialist applications. The Company, which employs 300, is continuously engaged in market, product and process development.

Finance Director

West Yorkshire : c.£20,000 + bonus + car

As a result of the promotion of our Finance Director within the Group, we are seeking a replacement of similar high calibre to join a team committed to maintaining and improving the Company's position as a market leader.

In addition to providing financial and management accounting expertise essential to a manufacturing exporter and controlling the accounts function, the Finance Director will be expected to make a significant contribution to the general running of the business.

Candidates aged over 30 should be qualified accountants, preferably CMA's, with management experience in high volume manufacturing Companies, ideally engineering exports. Their DP knowledge must be high to enable them to lead the continued development of systems across the Company.

Commencing salary will be c. £20,000. There is an attractive benefits package including a results based bonus and quality car. Relocation assistance is available.

Please write in confidence, with full CV to: John P. Tolley, Managing Director, Sagar-Richards Limited, Calderside Works, HALIFAX, HX2 6EL.

The Caledonian Aviation Group

Chief Internal Auditor

c.£30,000 plus car

Our client, The Caledonian Aviation Group plc, has requested us to advise them upon the appointment of a Chief Internal Auditor, to be based at the corporate headquarters near Gatwick Airport.

Responsibilities involve the expansion of the existing department to include all companies in the Group, as well as the regular review of data processing based financial systems and management controls, plus a wide variety of one-off assignments.

Applicants aged between 35 and 50 will be chartered accountants, with broad financial experience including the management of an internal audit department in a large, complex organisation. Alternatively, applicants may be in the accountancy profession at a senior level with relevant audit experience, some of which may have been gained with clients in the airline, hotel or travel businesses. The ability to communicate comfortably at director level is an essential requirement.

Opportunities for advancement beyond the internal audit function can occur in time.

Please write in confidence enclosing a detailed curriculum vitae, quoting reference F365P, to M.J.B. Ping, at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

EW Ernst & Whinney

MANAGEMENT EDUCATION & TRAINING

SEPTEMBER 27

On Friday, September 27, the Financial Times is proposing to publish a Survey on Management Education and Training. The editorial will cover such subjects as:

INTERNATIONAL COURSES
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THE MBA
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DISTANCE STUDIES
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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For an application form please telephone or write to Brian Carroll, Personnel Manager, Nissan Motor Manufacturing (UK) Limited, Washington Road, Sunderland, Tyne & Wear SR5 3NS. Tel: 0783 573881. Please quote the relevant reference number when returning the application form. Closing date for applications is 20 September 1985.

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The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations. VVs will be included in this feature — 'The Newly Qualified' Guide to Recruitment Consultants.

Entries in the Guide will be charged at £55 which will include company name, address and telephone number. Extra lines will be charged at £11 per line.

For further details please telephone:
Louise Hunter on 01-748 4864

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday August 29 1985



Bayer reports sturdy boost in first-half earnings and sales

BY JONATHAN CARR IN FRANKFURT

BAYER has become the last of the big three West German chemical companies to report a sturdy increase in first-half profits and sales revenue.

Bayer's world group pre-tax profits rose by 18 per cent against the same period of 1984 to DM 1.73bn (\$629m) on sales up by 12.3 per cent to DM 24.58bn.

Last week, Hoechst reported group pre-tax profits up by 11.5 per cent to DM 1.68bn, while those of BASF soared by 37.3 per cent to DM 1.72bn.

All three companies have continued to benefit from strong foreign demand, boosted over the first half year by a D-Mark still relatively weak against the U.S. dollar.

First-half results for Bayer AG, the parent company, show pre-tax profits jumping by 25.9 per cent to DM 830m on sales revenue up by 8.9 per cent to DM 8.41bn.

While domestic sales were up by just 5.6 per cent, those abroad rose by 10.7 per cent. The export share

of overall sales has thus increased to 66.7 per cent in the first half, compared with 65.7 per cent in the same period of 1984.

Bayer said business continued to be satisfactory in the second quarter, and that the higher revenue was due almost entirely to a bigger sales volume.

As a result, use of capacity remained high at Bayer's plants, and first-half profits could be raised despite higher energy, raw materials and personnel costs.

Bayer expects world group fixed asset investment this year to total about DM 2bn and that of the parent company alone about DM 800m. It makes no direct comment on the business outlook, but it is generally expected that the chemical sector will continue buoyant at least through this year.

All three major German chemical concerns increased their dividends on last year's earnings for the second year in succession.

Hoechst to sell last polystyrene plant

BY JOHN DAVIES IN FRANKFURT

HOECHST, the West German chemical concern, is planning to stop its production of polystyrene by negotiating the sale of its plant at Breda in the Netherlands to the Shell oil and chemical group.

The move comes soon after Hoechst agreed to sell its other polystyrene plants in the U.S. to Huntsman Chemical Corporation.

Hoechst's plan to move entirely out of polystyrene production is a significant step in the restructuring of its plastics operations. It aims to concentrate on types of plastics where it enjoys a stronger position and where it sees better long-term potential, including engineering plastics.

Hoechst and Shell confirmed that they were holding discussions about the sale of the Breda plant, due about the beginning of next year, but gave no details of the likely purchase price.

The Breda plant has annual capacity of 80,000 tonnes of general purpose polystyrene (a solid plastic used in kitchenware and toys) and 70,000 tonnes of expandable polystyrene (a foam-like material used for cavity-wall insulation in houses and for packaging).

Hoechst said that the Breda plant was a profitable part of the group's Dutch operations. Hoechst's Dutch subsidiary had total sales revenue of F1 1.8bn (\$860m) last year.

Swedyard proposes rescue for Consafe

By Kevin Done, Nordic Correspondent, in Stockholm

TRADING in the shares of Consafe, the financially troubled Swedish offshore services group, was suspended yesterday as the company's main board met to consider a new rescue offer from Swedyard, the Swedish state shipbuilding group.

Swedyard is Consafe's main creditor and has guaranteed around 80 per cent of about SKr 2.3bn (\$377m) of the group's total long-term debts of around SKr 3bn. It is offering "substantial aid," chiefly in the form of new loans and guarantees.

Consafe, the world's largest operator of offshore accommodation platforms, has been fighting since early July to stave off financial collapse in the face of expected losses for 1985 of up to SKr 400m. Large parts of its fleet have been laid up without work for several months.

Swedyard said its rescue package was aimed both at solving Consafe's acute liquidity needs and at allowing a long-term restructuring of the company's operations.

Under the terms of the rescue, Consafe would be forced to sell off a substantial part of its fleet and to concentrate only on the operation of offshore accommodation and service platforms, most of which have been built by Swedyard.

It would be forced to sell - probably at a considerable loss - two of its most modern units, two diving service platforms and a helicopter carrier, recently built at a total cost of around SKr 1.6bn, but for which Consafe has found little work.

In addition the group would be forced to sell off its drilling rigs and smaller coastal accommodation (hotel) barges.

Swedyard said that Consafe would have to raise new capital through a share issue, which would also be aimed at changing "the ownership structure" in the group.

Swedyard is insisting that, as a precondition for the rescue, the group's other creditors - led by Skandinaviska Enskilda Banken - should also contribute new loans.

INTERNATIONAL BONDS

Appetite for \$ issues tested

INVESTOR APPETITE for dollar

straight Eurobonds was severely tested yesterday by three aggressively priced issues launched with the encouragement of a firm market overnight in New York, writes Alexander Nicoll in London.

A \$100m five-year issue for Security Pacific Australia, guaranteed by the parent U.S. holding company, found the going hard. With Salomon Brothers International running the books, it has a 9 1/2 per cent coupon and a price of 100 1/2 per cent.

Indicated quotes in the market ranged as far as 2 1/2 points below the issue price, well outside the 1/4 per cent total fees, although Salomon said the deal was "in good shape."

Also finding the going somewhat sticky was a \$100m eight-year issue from Pillsbury, the U.S. food concern. Terms for this single-A borrower were more generous with a 10 1/4 per cent coupon and per pricing. Credit Suisse First Boston is book-runner, and the issue was seen at or just outside its 2 per cent

total fees. The issue was brought out early in the day to capitalise on the recent dearth of dollar issues, and was syndicated without difficulty.

Trading within its fees was a \$100m seven-year issue for Japan Development Bank, carrying a Japanese government guarantee. LITCB International is leading the deal, which has a 10 per cent coupon and a price of 101 1/2 per cent. It is being swapped into fixed rate yen.

LITCB said the deal is intended to be globally placed rather than simply targeted at its home country. Nevertheless, its "push" status aided its reception, since the terms were seen as tight even for a Government-guaranteed borrower.

Also launched yesterday was Public Power Corporation of Greece's \$180m floating rate note, led by Orion Royal Bank and convertible into an Ecu security.

Orion led one of two new issues in the Canadian dollar sector, a C\$75m five-year bond for GMAC

(Canada), guaranteed by General Motors Acceptance Corp. It has a 10 1/2 per cent coupon and 100 1/2 per cent price. Terms were seen as fairly tight, but the issue had an easier welcome than a C\$75m seven-year bond for Sears Acceptance Co, guaranteed by Sears Canada. It is priced at par with a 10 1/2 per cent coupon, and is led by Wood Gundy.

Hong Kong's Mass Transit Railway Corporation, wholly owned by the colony's Government, made its first entry into the Eurobond market after financing the construction of its underground railway system from other sources since the 1970s.

Let by Banque Paribas Capital Markets, its C\$50m 5 1/2 year issue is priced at par with a 9 1/2 per cent coupon.

In Switzerland, a SwFr 120m eight-year convertible issue was launched for Fuji Bank. Led by Credit Suisse, the issue's indicated yield of 1 1/4 per cent would be the lowest yet seen for a public issue.

Final terms will be set on September 2.

Honshu Paper is making a SwFr 50m five-year convertible issue guaranteed by Dai-ichi Kangyo Bank and led by Credit Suisse. Indicated yield is 3 1/2 per cent. Final terms are due September 8.

In a market which saw little price but increased trading volume, Mobil's SwFr 150m dual currency issue ended its first day's trade at 95 1/2 per cent against a par issue price.

Mobil is also due to issue today a FFf 500m five-year issue, with a 11 1/2 per cent coupon and par pricing, led by Société Générale with Morgan Guaranty as co-lead. The proceeds will be swapped into fixed rate dollars.

In West Germany, market expectations of the September new-issue calendar due to be unveiled today have been stepped up to a total of about DM 4bn, including a high proportion of floating-rate notes. Investor demand yesterday was aided by continuing expectations of lower interest rates, and prices were slightly higher.

Publishing group sees half-year drop

BY BERNARD SIMON IN TORONTO

INTERNATIONAL THOMSON Organisation, the publishing, travel and energy group controlled by the Thomson family of Toronto, suffered a decline in net earnings to \$41m (\$56.9m) or 14 pence a share in the six months to June 30, from \$53m or 18.2 pence a share a year ago.

The drop, however, is entirely due to an extraordinary gain of £10m in the first half of last year from the sale of shares in Reuters Holdings. Before this extraordinary item, earnings in January-June 1984 totalled £34m or 11.7 pence a share. Sales have risen from £763m to £249m and trading profit from £57m to £55m. Cash balances were £23m higher at the end of June than six months earlier.

The company said that results of its publishing and information businesses in Britain and North America are in line with expectations. Although the travel group's first half results were above target, bookings have been "disappointing" this summer and a weaker second half is expected.

Oil and gas profits were slightly ahead of last year with the strong U.S. dollar compensating for lower oil prices. International Thomson said it had decided to develop the Seaga field in the North Sea, subject to British Government approval.

The company spent £176m in the first half on acquisitions and new investments, net of disposals.

Westinghouse plans sale of cable TV unit

BY WILLIAM HALL IN NEW YORK

WESTINGHOUSE ELECTRIC, the Pittsburgh-based conglomerate, yesterday put its U.S. cable television business up for sale in a move which could raise over \$2bn. The planned sale of the four-year-old cable TV operation, the third biggest system in the U.S., is the main element of a major corporate restructuring which was unveiled yesterday and is designed to continue the corporation's record of improving financial performance.

The group also plans to spend close to \$1bn buying back up to 25m of its outstanding shares or 14.9 per cent of its total equity. After the announcement Westinghouse share jumped sharply on Wall Street closing 3 1/4 higher at \$37 1/4.

Mr Douglas Danforth, Westinghouse's chairman, said yesterday that the decision to explore the sale of the group's cable TV business was "timely and appropriate from the standpoint of maximising shareholder value."

Westinghouse officials said that the move should not be viewed as a defensive play to make the company less attractive as a takeover target.

Westinghouse's financial performance has been lacklustre over the last few years and when Mr Danforth was brought in as chairman just under two years ago he committed himself to revitalising one of America's biggest industrial groups which has annual sales of over \$10bn and employs around 130,000 staff around the world.

Bulgaria in further \$100m credit deal

By Peter Montagnon in London

BULGARIA is returning to the Eurocredit market for a further \$100m, just three months after launching its first major borrowing operation in the West since 1979.

Its new deal is an eight-year credit by Sumitomo Bank and bearing interest at a margin of 1/4 per cent over Eurocurrency rates. Repayments begin after a grace period of five years.

These are finer terms than those obtained by Bulgaria on its previous borrowing which carried a margin of 1/2 per cent for four years, rising to 3/4 per cent for the remaining three.

That deal, which was arranged by Moscow Narodny Bank and National Westminster, was, however, heavily oversubscribed and doubled in amount to \$200m.

Sumitomo said yesterday that this was expected to be Bulgaria's last borrowing operation for 1985. Although Bulgaria has given no clear indication of the use to which the funds will be put, it is known to be planning a major boost to its industrial investment programme costing the equivalent of about \$15bn over the next five years.

This has fuelled speculation that Bulgaria could become a regular borrower on the Euromarkets.

Gains seen at two Canadian banks

TWO LEADING Canadian banks

report sharply higher third-quarter profits. Bank of Montreal, Canada's second-largest banking group, boosted net earnings by 42.5 per cent to C\$90.5m (\$67m), or C\$1 a share from C\$63.5m or 71 cents a year earlier, writes Bernard Simon in Toronto.

Bank of Nova Scotia, Canada's fourth largest bank, lifted third-quarter net income to C\$78.1m or 47 cents a share from C\$60.8m or 38 cents. Return on assets improved from 0.42 per cent to 0.51 per cent.

Norwegian group plans new plant

By Fay Gjester in Oslo

NORSK-HYDRO, the Norwegian industrial and energy group, yesterday announced tentative plans to approximately double its world output of magnesium metal, through the construction of a Nkr 1.8bn (\$219m) plant in Canada, with a capacity of 30,000 tonnes yearly.

A project study will be undertaken, with financial support from the Canadian authorities, and the participation of Canadian engineers. A final investment decision will be taken late next year.

The site chosen is at Becancour, on the St Lawrence river in Quebec province. The company says it has excellent port and transport facilities. The plant will be Hydro's first major magnesium extraction plant outside Norway. The company produces about a quarter of the western world's magnesium, a metal now mainly used in aluminium production, but with increasing application in the motor vehicle component industry.

The new facility would be on stream early in 1989, with most of its output going to the U.S. and other export markets. Hydro says the plant will be designed so it can be expanded according to market needs. It will utilise the advanced extraction technology developed by Hydro and being used by the company's magnesium plant in Furegrun, eastern Norway. This method uses oxide and magnesium chloride as raw materials.

Its capacity is currently being increased from 50,000 to 80,000 tonnes a year.

Hyundai builds Canadian plant

By Robert Gibbons in Montreal

HYUNDAI, the Korean vehicle and engineering group, has agreed to locate a C\$200m (\$148m) small car assembly plant in the Montreal area in what will be its first assembly plant outside Korea.

The plant will start up in 1988 and will form part of Hyundai's plans to enter the U.S. market. It will have an initial capacity of about 80,000 cars a year.

Hyundai is building the plant in the Montreal area in preference to southern Ontario, where Canada's vehicle industry is concentrated, with the exception of a medium-sized General Motors plant in Montreal, producing mainly for the North-east U.S. market.

Same agrees on staff layoffs with unions

BY JAMES BUXTON IN ROME

SAME, Italy's second manufacturer of tractors after Fiat, has reached agreement with the trade unions on a substantial reduction in staff to cope with the sharp fall in demand for tractors over the past four years.

About 458 workers are to be put on permanent state-subsidised lay-off, bringing the number of those effectively employed down to just over 2,000. The layoffs will be accompanied by provision for the early retirement of 150 workers and the others will go on to part-time.

Same, which is a family-owned company which is based at Treviglio near Milan, and was replaced by Sig Mario Vischi.

Fiat, Italy's leading private-sector industrial group, is to make a public offer of shares in Sorin Biomedica, its wholly owned biotechnology offshoot, this autumn.

If fully subscribed, the offer should raise about L50.5bn (\$27.8m).

Montedison, BI-Invest appear close to accord

BY OUR ROME CORRESPONDENT

THE BATTLE between Montedison, Italy's leading chemical group, and the BI-Invest financial and property group appears to be close to a settlement.

Sig Franco Mattioli, chairman of Gemina, an industrial holding company which is Montedison's largest single shareholder, said on Tuesday night that Gemina's controlling shareholders had reached agreement at a meeting on the outline of an understanding between Montedison and BI-Invest.

But both Montedison and BI-Invest said yesterday that no agreement had yet been finalised and that the boards of both concerns would have to meet to approve whatever was decided. This is likely to happen in the next few days.

The battle began in July when Montedison acquired via stock exchange a 37 per cent stake in BI-Invest. This exceeded in size the stake in the company held by the family of Sig Carlo Bonomi, BI-Invest's chairman. It also meant that Montedison "indirectly" controlled shares in itself.

Sig Bonomi counter-attacked by taking a 2 per cent stake in Montedison itself which under Italian law prevented Montedison from exercising its voting rights over BI-Invest. BI-Invest also went to court to try to block Montedison.

Nat-Ned sees rise in earnings

BY OUR FINANCIAL STAFF

NATIONALE NEDERLANDEN, the leading Dutch insurance group, yesterday forecast higher profits for 1985 after an increase in first-half results.

The company, which turned in net profits of F1 522.9m (\$167m) in 1984, said earnings for the current year were expected to rise to about F1 600m.

For the first six months, net profits have improved to F1 269.3m from F1 239.3m after an increase in total

revenue to F1 9.22bn from the F1 8.53bn of the 1984 half-year.

On increased capital, earnings per share have dipped to F1 2.50 from F1 2.70. But Nat-Ned emphasises that unit earnings for the whole of 1985 are not expected to fall short of the F1 3.70 of 1984.

The interim dividend is F1 1.15 a share, compared with an effective F1 1.125 a year ago. The 1984 total payment was F1 2.30.

Comerica to close offices

By William Hall in New York

COMERICA, a leading U.S. regional banking group with \$10bn in assets, plans to either close or sell the bulk of its international banking operations in a move which underlines the steady retreat of the smaller U.S. banks from international lending.

The Detroit-based Comerica announced yesterday that it will sell or close its operations in London, Canada and Hong Kong. This will reduce its international presence to a small office in the Cayman Islands and an inactive office in Mexico.

The bank said that it will not stop all international banking business, but would give priority to domestic concerns.

Comerica will concentrate on "supporting the international activities to domestic corporate clients, and will de-emphasise the portion of our international portfolio that is independent of domestic relationships," its statement said.

Mr Donald Mandich, chairman, said yesterday that the current pricing and economics of international business could not support the costs of offshore operations.

He said that Comerica Bank Canada, which was opened in 1973, the London-based Comerica Bank-Detroit and the Hong Kong-based Comerica Asia Ltd are profitable, "but are not producing the level of earnings that we could generate by redeploying these assets". The three operations have combined loans outstanding of \$225m.

Comerica is the latest in a list of U.S. banks which have been cutting their international operations.

In May Wells Fargo announced plans to close its London operation, and in June Marine Midland gave notice of plans to sharply curtail its international operations.

Cincinnati retailer doubles result

By Our New York Staff

U.S. SHOE Corporation, the Cincinnati-based footwear and clothing store group, more than doubled its second quarter net income to \$7.5m helped by a 13 per cent rise in sales to \$444m.

The group says that the earnings of its enclosed mall women's apparel stores were ahead significantly in the second quarter. This side of its business had unit gains of 8 per cent.

NEW ISSUE

These Debentures having been sold, this announcement appears as a matter of record only.

Can. \$100,000,000 HYDRO-QUÉBEC

(An agent of the Crown in right of Province de Québec)

11% Debentures, Series GA, Due August 15, 1995

Unconditionally guaranteed by

PROVINCE DE QUÉBEC

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Algemene Bank Nederland N.V.

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CIBC Limited

Credit Suisse First Boston Limited

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Kredietbank International Group

Samuel Montagu & Co. Limited

Swiss Bank Corporation International Limited

Westdeutsche Landesbank

Union Bank of Switzerland (Securities) Limited

Bank Brussel Lambert N.V.

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Crédit Lyonnais

Dresdner Bank

Generale Bank

Lévesque, Beaubien Inc.

Orion Royal Bank Limited

S. G. Warburg & Co. Ltd.

Wood Gundy Inc.

Yamaichi International (Europe) Limited

Banca del Gottardo

Bank Leu International Ltd

Bankhaus Hermann Lampe KG

Bayerische Hypothek- und Wechsel-Bank

Burns Fry Limited

Citicorp Investment Bank Limited

Crédit du Nord

Fuji International Finance Limited

Richardson Greenshields of Canada (U.K.) Limited

Kuwait Investment Company (S.A.K.)

Lloyds Merchant Bank Limited

Mitsubishi Finance International Limited

Morgan Grenfell & Co. Limited

The Nikko Securities Co., (Europe) Ltd.

Norddeutsche Landesbank Girozentrale

Pierson, Helderling & Pierson N.V.

N.M. Rothschild & Sons Limited

Schweizerische Hypothek- und Wechselbank

Sumitomo Trust International Limited

Takagin International Bank (Europe) S.A.

Toyo Trust International Limited

J. Vontobel & Co.

BankAmerica Capital Markets Group

Bank of Montreal

Banque Nationale de Paris

Baring Brothers & Co., Limited

Bayerische Landesbank Girozentrale

Chemical Bank International Group

County Bank Limited

Daiwa Europe Limited

Göttabanken

IBI International Limited

Kyowa Bank Nederland N.V.

McLeod Young Weir International Limited

Mitsui Finance International Limited

Morgan Stanley International

Nippon Credit International (HK) Ltd.

Sal. Oppenheim Jr. & Cie.

Prudential-Bache Securities International

J. Henry Schroder Wagg & Co. Limited

Shearson Lehman Brothers International

U.S. \$100,000,000 First Bank System, Inc.

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate **8 1/4% per annum**
Interest Period **29th August 1985**
29th November 1985
Interest Amount per
U.S.\$50,000 Note due
29th November 1985 U.S.\$1,054.17

Credit Suisse First Boston Limited
Agent Bank



Korea Exchange Bank

£100,000,000

Floating Rate Notes due 1994

Convertible at the option of the holders into US
Dollar Denominated Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby
given that the rate of interest for the interest period ending
on the 29th November, 1985 has been fixed at 12% per
annum for the Sterling Denominated Notes and at 8 1/4%
per annum for the US Dollar Denominated Notes.
Manufacturers Hanover Limited
Agent Bank

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The
following are closing prices for August 28.

U.S. DOLLAR	Issued	Bid	Offer	Change on	Yield
Ameri Credit 10% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 12 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 15% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 17 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 20% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 22 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 25% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 27 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 30% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 32 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 35% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 37 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 40% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 42 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 45% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 47 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 50% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 52 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 55% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 57 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 60% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 62 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 65% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 67 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 70% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 72 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 75% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 77 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 80% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 82 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 85% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 87 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 90% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 92 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 95% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 97 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 100% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 102 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 105% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 107 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 110% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 112 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 115% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 117 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 120% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 122 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 125% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 127 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 130% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 132 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 135% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 137 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 140% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 142 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 145% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 147 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 150% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 152 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 155% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 157 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 160% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 162 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 165% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 167 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 170% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 172 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 175% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 177 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 180% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 182 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 185% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 187 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 190% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 192 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 195% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 197 1/2% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2
Ameri Credit 200% 90	100	100 1/2	100 3/4	+ 1/4	10 1/2

YEN STRAIGHTS						Average price change on day 0 on week 0					
Issued	Bid	Offer	day	week	Yield						
Port Republic 6 1/2 90	15	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 7 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 8 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 9 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 10 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 11 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 12 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 13 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 14 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 15 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 16 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 17 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 18 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 19 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 20 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 21 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 22 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 23 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 24 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 25 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 26 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 27 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 28 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
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Port Republic 48 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
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Port Republic 83 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 84 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 85 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 86 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 87 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 88 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 89 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 90 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 91 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 92 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 93 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 94 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 95 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 96 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 97 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
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Port Republic 100 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 101 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 102 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
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Port Republic 104 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 105 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 106 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 107 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 108 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 109 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 110 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 111 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 112 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 113 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 114 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 115 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 116 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 117 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 118 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 119 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 120 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
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Port Republic 127 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 128 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 129 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 130 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 131 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 132 1/2 90	10	100 1/2	100 1/2	+ 1/4	11 1/2						
Port Republic 133 1/2 90	10	100 1/2	100 1/2	+ 1/4</							

INTL. COMPANIES & FINANCE

MIM Holdings returns to profits in final quarter

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MIM HOLDINGS, the big Queensland-based copper-to-lead concern, has returned to profits with a final-quarter net profit of A\$33.8m. However, its total net loss for the year to June was A\$18.3m (U.S.\$12.8m), against an A\$27.2m net profit in 1984-85. Its recent expansion into coal has stretched MIM greatly, but Sir Bruce Watson, the chairman, said yesterday that improved final-quarter trading had continued into the current quarter, and that MIM was "strongly competitive" once more.

The group is paying a final dividend of 3 cents per share, against last year's total of 5 cents. There was no interim pay-out this year.

MIM is 44 per cent owned by Asarco, the U.S. metals group in which Mr Robert Holmes & Narver, the Perth corporate raider, has established a strategic stake. In turn, MIM owns 18.2 per cent of Asarco.

The 1984-85 pre-tax loss of A\$50.5m at MIM was softened by an A\$32.2m tax credit, while its final-quarter net performance was boosted by the disposal of A\$10m worth of assets that it declines to describe as extraordinary. They included a stake in a Queensland oilfield, and its 20 per cent share of the Mt Goldsworthy iron ore

project.

MIM has slashed costs, and is benefiting from the relative depreciation of the Australian dollar. The group workforce has been slimmed by 14 per cent to 7,640, with job losses heaviest at the Mt Isa copper-lead-silver mine. As a result, said Sir Bruce, copper production costs have been cut by about 15 per cent. Coal production in 1984-85 more than doubled to 7.6m tonnes, with 6m tonnes possible in the current year.

One of the Australian mining industry's main problems in 1985-86 may be wage inflation, though there is some hope of stronger metal prices.

HK Wharf places stake in tunnel company

By David Dodwell in Hong Kong

HONGKONG AND KOWLOON WHARF and Wheelock Marden, its recently acquired trading and property subsidiary yesterday placed 17.3 per cent of the Cross Harbour Tunnel Company (CHT) in stock markets in London, the U.S. and Hong Kong.

The placing of 21.8m shares at HK\$10.10 will raise about HK\$210m (US\$26.9m). It was made at a 0.5 per cent discount to the present CHT market price of HK\$11.20, and leaves Wheelock with a 5 per cent residual stake in the company.

CHT, which since 1969 has operated the road tunnel linking Hong Kong Island with Kowloon on the mainland, has for some years been an affiliate of Wheelock Marden. It is understood that the disposal is part of the rationalisation of Wheelock following a fiercely contested HK\$2.5bn takeover by Hongkong Wharf, which succeeded on June 1 this year.

Apart from a major holding in the name of a nominee company, the main shareholder in the Cross Harbour Tunnel is now the Hong Kong Government, with a 24.3 per cent stake. In February, a 29.6 per cent holding in the company was sold for HK\$250m by Hutchison Whampoa, the trading, property and retailing group headed by Mr Li Ka-shing. It acquired the stake after winning control of Hongkong Electric in January.

Both disposals have been due to rationalisations, in which the Cross Harbour Tunnel has fallen outside the "core" business of the parent companies. CHT's performance has been rather flat recently, in part because of a fall in motor traffic using the tunnel.

Warning on TSE seats

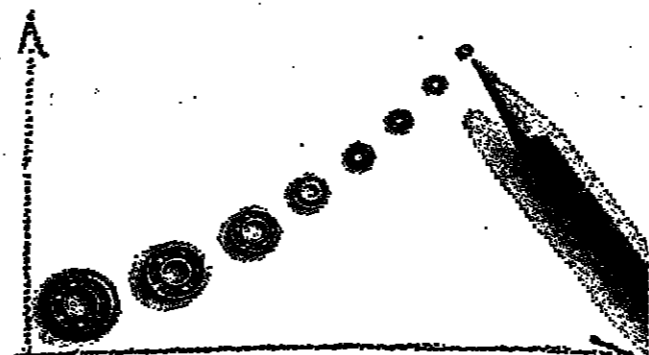
By Our Financial Staff

A LEADING figure in the Tokyo Stock Exchange warned yesterday that foreign brokerage houses should not expect preferential treatment in the allocation of new exchange seats.

Mr Yoshitoki Chino, chairman of the TSE membership committee and head of Daiwa Securities, said domestic and non-Japanese applicants would all be taken on their merits in the selection process, which he said would be completed by the end of the year.

He confirmed agreement on the creation of 10 new seats, bringing TSE membership to 83. Trading by companies affiliated with foreign brokers already accounted for 12 to 13 per cent of TSE turnover, Mr Chino added.

SKF miniaturizes for expansion.



down products is the keynote of the new unit. And one of SKF's priorities as the world market leader in rolling bearings.

The explosive development in electronics has bred a host of new technology industries. It has also opened up new growth markets and opportunities for the mechanical engineering companies equipped to utilize them. A common factor among these is the effect of miniaturization on product development—sizing down dimensions while sizing up performance.

Mini-bearing technology.

For many of these compact solutions, scaling down bearing dimensions is in itself not enough. This must often be combined with total reliability and extremes of strength and precision—as for the feeding mechanism of advanced computer generations.

In our anti-friction technology, bearing surface smoothness is measured to a tenth of a thousandth of a millimetre as routine. And our bearing operations range down to miniatures of 3 mm, weighing three hundredths of a gramme, with rolling elements mere specks half a millimetre across and weighing no more than half a milligramme.

New specialist unit.

SKF Instrument and Miniature Bearings is a special unit formed to capitalize on the fast growing new technology market. This includes areas such as diffusion of information, automated office systems, medicine and space research. And applications for disc drives, printers, tape recorders, video machines, computers, X-ray tubes and gyros.

Profitable expansion on the market for sized

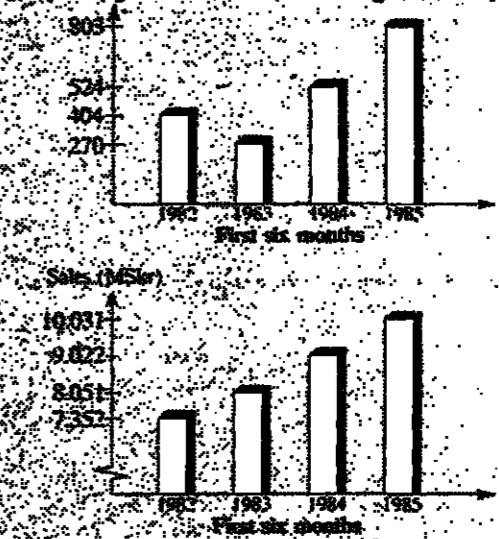
Half-year statement, 1985.

SKF Group profit for the first six months of 1985 was 803 million Swedish kronor after financial income and expense. This was a rise of 55 per cent on the same 1984 period. Group sales went up 11 per cent to 10,031 million kronor.

The progressive strengthening of the European economy continued, while growth in the USA slowed down considerably during the spring. Sales of our main product group, rolling bearings, rose 12 per cent to 7,080 million kronor. Its share of Group profit was 582 million kronor.

Earnings per Parent Company share were 22.50 kronor (14.60) after taxes as per the income statement, and 15.40 kronor (9.95) after average theoretical taxes.

(Income after financial income and expense in M\$kr. 1985 figure includes financial exchange differences)



SKF

Aktiebolaget SKF
S-41550 GÖTEBORG, Sweden.

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.
on 26th August 1985 U.S. \$88.43

Listed on the Amsterdam Stock Exchange

Information: Pierson, Halding & Pierson N.V.,
Herengracht 214, 1016 BS Amsterdam.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE AUGUST 27 1985

	Redemption Yield	Change on Week	12 Months High	12 Months Low
US Dollar	10.745	-0.841	12.989	10.629
Canadian Dollar	11.697	-0.504	13.638	11.697
Eurocurrency	6.379	-0.332	7.879	6.338
Euro Currency Unit	9.234	-0.536	11.324	9.223
Sterling	11.013	-0.306	11.755	10.809
Deutschemark	6.895	-2.003	8.113	6.895

Bank J. Vontobel & Co Ltd, Zurich - Telex 812744 JVZ CH

Peko held back by forex losses

BY KENNETH MARSTON, MINING EDITOR

NET attributable profits for the year to June 30 of Australia's Peko-Wallsend mining and industrial group have increased to A\$27.24m (U.S.\$19.1m) from A\$24.78m. The final dividend is unchanged at 5 cents following an increase in the interim to make a total for the year of 10 cents against 9 cents.

All Peko's operating divisions did well, especially the manufacturing and transport arm, which made a contribution to overall profitability, and the iron ore and gold interests which were helped by the relative weakness of the Australian dollar which boosted export

revenues.

Unfortunately Peko misread the foreign exchange markets and suffered an extraordinary loss of A\$11.19m on forward sales of U.S. dollar revenues.

So far the outlook for the current year looks promising, although any marked deterioration of the U.S. dollar against the Australian currency would alter the picture. However, good news comes for the company's 30.8 per cent stake in the uranium spinning Energy Resources of Australia (ERA).

ERA runs the Ranger uranium mine in the Northern Territory which, it is announced,

has received federal government approval for two new long-term contracts to supply uranium oxide to power utilities in South Korea and the U.S.

These are stated to be worth about A\$280m but the tonnages of uranium oxide have not been disclosed at the request of the customers. One contract is with Korea Electric Power, an existing customer, and deliveries are expected to begin in 1981.

Those under the U.S. contract are expected to begin "somewhat earlier." A similar stake in ERA is held by EZ Industries which was taken over last year by North Broken Hill Holdings.

Kyocera downgrades forecast

By Carla Rapoport in Tokyo

KYOCERA, a leading Japanese semiconductor manufacturer, yesterday cut its pre-tax profit estimate for the year ending next March to Y\$6.2bn (US\$10m) from Y\$6.5bn. This would mean a 22.4 per cent drop from the previous year's level.

Overall sales are expected to fall by more than 5 per cent to Y\$267.5bn.

Earlier this week, both Hitachi and Toshiba revised their profit forecasts downward. The downturn has come from weakened demand in the semiconductor market. Kyocera's first-quarter results, also released yesterday, show semiconductor sales down by 14.2 per cent. Sales overall were slightly lower at Y\$4.86bn against Y\$5.23bn.

Group pre-tax profits in the quarter dropped 33.9 per cent to Y\$1.50bn while earnings per share fell to Y\$4.33 from Y\$6.68.

Repco sees improvement after 7% fall in earnings

BY OUR FINANCIAL STAFF

REPCO, the diversified Australian vehicle parts group, suffered a 7.3 per cent dip in net profits to A\$24.24m (U.S.\$17m) in the year to June, but forecast an improvement in the current year as it continues a rationalisation programme aimed at eliminating loss-making operations.

Disposals in the past year have included all the company's U.S. activities, which largely accounted for a A\$19.4m extraordinary charge. This further depressed the attributable result, which emerged at A\$10.78m compared with A\$24.78m.

Turnover grew from A\$1.03bn to A\$1.22bn, and the dividend has been maintained at 10 cents. The current year's results are also expected to be assisted by the advance provision, included in 1984-85 extraordinary debits, of A\$4.5m to cover possible further losses on rationalisation.

• Vapour, one of the success

stories among Australian high technology stocks, almost trebled net profits to A\$1.1m for the year to June, and is raising its annual dividend from 3.75 cents to 5 cents per share, reports our Sydney correspondent.

Earnings per share rose from 7.8 cents to 12.7 cents, while the company's net tangible asset backing rose from 13.1 cents to 15.9 cents a share.

Mr Alan Moloney, Vapour's founder and managing director, said the company now has 15 licensing agreements for its pioneer paint-drying process covering 40 countries.

He said that the franchising agreement with Du Pont of the U.S. was bearing fruit with the establishment of a demonstration facility in New Jersey. Negotiations are also proceeding with companies and organisations in China, Eastern Europe, the Middle East, and South-East Asia.

New Issue
August 28, 1985

All these Bonds having been sold, this announcement appears as a matter of record only.

WestLB Finance N.V.

Curaçao, Netherlands Antilles

U.S. \$ 100,000,000
10½% Bearer Bonds due 1992

Secured on a Deposit with the New York Branch of

WESTDEUTSCHE LANDESBANK
GIROZENTRALE

WESTDEUTSCHE LANDESBANK
GIROZENTRALE

MERRILL LYNCH CAPITAL MARKETS

CREDIT SUISSE FIRST BOSTON Limited	FIRST INTERSTATE CAPITAL MARKETS Limited	ORION ROYAL BANK Limited
BANKAMERICA CAPITAL MARKETS GROUP	BANK BRUSSEL LAMBERT N.V.	BANK OF TOKYO INTERNATIONAL Limited
CAISSE DES DEPOTS ET CONSIGNATIONS	CHASE MANHATTAN CAPITAL MARKETS GROUP	COUNTY BANK Limited
CREDIT COMMERCIAL DE FRANCE	CREDIT LYONNAIS	DAI-ICHI KANGYO INTERNATIONAL Limited
DAIWA EUROPE Limited	FUJI INTERNATIONAL FINANCE Limited	GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN Aktiengesellschaft
KIDDER, PEABODY INTERNATIONAL Limited	KREDBANK INTERNATIONAL GROUP	MANUFACTURERS HANOVER Limited
MITSUBISHI FINANCE INTERNATIONAL Limited	MORGAN GUARANTY LTD	THE NIKKO SECURITIES CO., (EUROPE) LTD.
NIPPON CREDIT INTERNATIONAL (HK) LTD.	NOMURA INTERNATIONAL LIMITED	SANWA INTERNATIONAL LIMITED
SOCIETE GENERALE	SVENSKA HANDELSBANKEN GROUP	SWISS BANK CORPORATION INTERNATIONAL LIMITED
UNION BANK OF SWITZERLAND (SECURITIES) Limited	S. G. WARBURG & CO. LTD.	WESTPAC BANKING CORPORATION
	YAMAICHI INTERNATIONAL (EUROPE) Limited	

New Issue
August 28, 1985

All these Notes having been sold, this announcement appears as a matter of record only.

WestLB Finance N.V.

Curaçao, Netherlands Antilles

A \$ 50,000,000
12½% Bearer Notes due 1990

Secured on a Deposit with the London Branch of

WESTDEUTSCHE LANDESBANK
GIROZENTRALE

WESTDEUTSCHE LANDESBANK
GIROZENTRALEORION ROYAL BANK
Limited

CREDIT SUISSE FIRST BOSTON Limited	SECURITY PACIFIC Limited
ALGEMENE BANK NEDERLAND N.V.	BANKAMERICA CAPITAL MARKETS GROUP
BANKERS TRUST INTERNATIONAL Limited	BANQUE PARIBAS CAPITAL MARKETS
BERLINER HANDELS- UND FRANKFURTER BANK	CAISSE DES DEPOTS ET CONSIGNATIONS
COMMERZBANK Aktiengesellschaft	COUNTY BANK Limited
CREDITANSTALT-BANKVEREIN	DEUTSCHE BANK Aktiengesellschaft
DIE ERSTE ÖSTERREICHISCHE SPAR-CASSE-BANK	GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN Aktiengesellschaft
KREDBANK INTERNATIONAL GROUP	MERRILL LYNCH CAPITAL MARKETS
ÖSTERREICHISCHE LÄNDERBANK Aktiengesellschaft	SVENSKA HANDELSBANKEN GROUP
SWISS VOLKSBANK	UNION BANK OF SWITZERLAND (SECURITIES) Limited
	S. G. WARBURG & CO. LTD.
WESTPAC BANKING CORPORATION	ZENTRALSPARKASSE UND KOMMERZIALBANK, WIEN

UK COMPANY NEWS

Weir expands 56% to £3.8m and optimistic

Weir Group, the Glasgow-based engineer, increased pre-tax profits by 56 per cent to £3.8m in the half-year to June 25, 1985 compared with £2.43m in the first half of 1984.

The continued improvement was in line with the hopes of Lord Weir, the chairman, in his 1984 annual report issued in April this year.

The interim dividend is being lifted to 0.75p (the rate in 1982) from 0.50p but shareholders are told that this does not necessarily mean the total will exceed last year's 2.5p net.

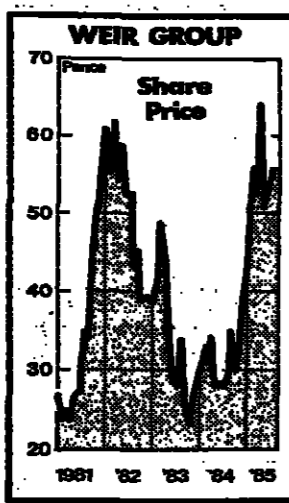
The final will be made in the light of the full-year results, say the directors. But the board remains optimistic about the prospects for the rest of the year.

Turnover was up 9 per cent to £67.57m (£61.53m). Pre-tax profits included £1.78m (£1.49m) from associated companies and were after interest charges of £1.48m (£1.717,000). Tax took £1.42m (£1.38m).

Earnings a share increased sharply to 6.1p (5.1p) and fully diluted to 5.7p (4.9p).

The results include the cost of financing the group's £2.5m investment in August 1984 in Yarrow, the maritime designer and maker of electronic control systems, also based in Scotland. But because of differences in the timing of the announcement, results no offsetting contribution from Yarrow is included.

Weir bought 25.2 per cent of Dunedin and Berkeley Tech. joint fund.



Yarrow from Vesper, lifting its stake to 25.2 per cent.

The directors say the group's engineering companies are making good progress in both orders and earnings and four operations show a welcome return to profit.

Pascoco, its Canadian subsidiary, is disappointing but the group's associated companies overseas are performing well.

Slow payment by some overseas customers, referred to in the 1984 annual statement, is now not as bad, particularly in Africa, and borrowings are consequently

reduced. Contracting in the Middle East, however, remains difficult.

In the long term, group prospects will greatly improve, say the directors, if the Government proceeds with a pressurised water reactor power station programme beginning with Sizewell B.

● **comment**

An encouraging first half has put Weir firmly on course to restore profits this year to their 1982 level. Both of its main divisions are looking distinctly more healthy than at this time last year. The two foundations that were making losses have turned around, and now all three are in the black. However, the major source of improvement has come from the pump division, where orders are 20 per cent higher than 12 months ago, and the slow is still improving, including a first-time contribution from Yarrow of about £200,000, profits for the year are likely to be about £5m, implying a fully diluted p/e of 6, after a 42 per cent tax charge. Cautious noises in the statement about the dividend appear to be mainly for the sake of form, and assuming a total of 3p, the yield at 55p would be 5.5 per cent. This sort of rating that the government is estimated to spend on pumps at the first two stations.

Earnings a share were 2.45p (1.96p adjusted).

● **comment**

As one of the more successful Marks & Spencer suppliers the market has become accustomed to consistent growth from J. J. Dewhurst. The latest profits are marginally better than the company's own forecast—only to be expected within the industry. The analysts' earlier predictions of £4.8m pre-tax can be viewed as a minimum expectation for the year. M & S still accounts for almost 30 per cent of sales and here a small degree of margin erosion is obvious but as long as Dewhurst can travel within a range of 8 to 10 per cent of sales, initial orders have been shipped to J. C. Penney in the U.S. and while it is far too early to judge, the company's reaction—the promotional campaign does not start until October—the U.S. stores group could become a significant customer in time. Ahead of these figures the shares have been strong performers so yesterday's 3p slip to 56p is not significant and though a prospective p/e of 17, after a 40 per cent tax charge, looks on the expensive side the rating can be justified on anything more than a short term view by Dewhurst's premium trading performance amongst the M & S suppliers.

During the next few months the board would be reviewing longer term strategy in the light of the disposal—including consideration of the outstanding dividend payments on the 7.5 per cent cumulative convertible preference shares.

Dewhurst better than expected

L. J. Dewhurst Holdings, the clothing manufacturer, the biggest customer of which is Marks & Spencer, exceeded its own expectations in the half-year to July 19 1985 by lifting pre-tax profits 26.2 per cent to £2.3m, compared with £1.8m in the first half of 1984.

Sales were up 28 per cent at £25,04m compared with £19,45m, also ahead of expectations. At the annual meeting in June, Mr. Alistair Dewhurst, chairman and chief executive, said he expected pre-tax profits to reach £2.2m and sales to exceed £24m.

The interim dividend is 0.28p which, after adjusting for a one-for-five scrip issue earlier this year, compares with 0.24p.

Mr. Dewhurst says forward orders are significantly higher than last year, although cost increases are still difficult to recoup.

The company, based in Driffield, North Humberside, is continuing to expand its product range, with the help of design teams and a continuing capital spending programme.

He expects growth to continue in the second half, while pointing out that last year's second half included 27 weeks compared with 26 this year.

AMEC confident despite £2m downturn halfway

HIGHLY COMPETITIVE conditions experienced in the construction industry have contributed to the reduction in pre-tax profits at AMEC from £1.6m to £0.7m in the first six months of 1985, although turnover increased by £41.5m to £360.7m.

Mr. J. W. H. Morgan, the chairman of this international civil engineering group, says that due to the changing nature of the industry and the continuing development of the group, direct comparisons of the results would be misleading if used to compare the outcome for the full year. For 1984, profits of £27.1m were achieved.

Group order book is not 16 per cent above the level of June 1984, the chairman reports. This, together with AMEC's wide range of skills supported by a strong financial base, maintains its leadership position within the industry for the future, he says. The directors continue to look forward with enthusiasm and confidence of the group, direct comparisons of the results would be misleading if used to compare the outcome for the full year. For 1984, profits of £27.1m were achieved.

A same again 4p interim dividend is being paid. Last year's total was 11p. Net earnings per share are shown down from 8.2p to 8.8p.

The substantial contribution made by Worley Engineering to

reported profits a year ago was not sustained, Mr. Morgan states. Drastic action was necessary to restructure that business to deal with its changed outlook, and its recovery is continuing.

Worley received the award by Shell early in 1985 of the contract to design and build the "Gannet" satellite platform, on which work is now proceeding, albeit delayed due to late start in authorisation procedures.

In addition, he says that the award of the large contract by British Nuclear Fuels to build its major new thermal oxide reprocessing plant at Fairclough in joint venture, is another very significant achievement in helping to underpin future workload.

Due to mobilisation complexities and start-up costs, its financial benefits are not yet appearing in the results.

For the first half, net profits totalled £5.7m (£6.2) after tax of £4m (£5.4m).

After adjusting for 0.2m last time, and after dividends absorbing a same again £2.6m, retained profit for the period emerged down from £3.4m to £3.1m.

● **comment**

Forecasts made only three months ago of a £33m profit for

AMEC this year are beginning to look over-optimistic. Part of the group's problem is the state of the construction industry generally, where the dearth of work has driven prices down to the point where it is hard to find a contract which can be undertaken at a profit: the BNFL contract is the first major one AMEC has taken on in the UK in a year.

The more specific reason for the first-half downturn is Worley Engineering: this company was at the tail end of some valuable contracts in last year's first half before going into a downturn since then. It was cut back by 50 per cent but was still running empty for much of this year's first half, making the year-on-year comparison poor.

For the full year AMEC will probably see something in the region of the year's £27.1m—in real terms a downturn since then. It was cut back by 50 per cent but was still running empty for much of this year's first half, making the year-on-year comparison poor.

Due to mobilisation complexities and start-up costs, its financial benefits are not yet appearing in the results.

For the first half, net profits totalled £5.7m (£6.2) after tax of £4m (£5.4m).

After adjusting for 0.2m last time, and after dividends absorbing a same again £2.6m, retained profit for the period emerged down from £3.4m to £3.1m.

● **comment**

Forecasts made only three months ago of a £33m profit for

Goode Durrant in £8m disposal

A DISPOSAL, an acquisition and a slump in profits were yesterday unveiled by Goode Durrant & Murray Group, which is engaged in banking services, financing and property development.

Goode Durrant is selling its 91.88 per cent holding in Kirkcaldie and Staines, which operates a retail department store in Wellington, New Zealand, to Resonant Corporation for NZ\$22.81m (£3.71m).

The store is located on one of the last undeveloped sites in central Wellington and while its profits are satisfactory the directors say that a commitment to the size required for redevelopment is not consistent with the intended main areas of activity.

The sale will have an effect on Goode's net asset value which will increase from the £14.4m shown on October 31, 1984, to £19.65m. In the year to August 31, 1984, Kirkcaldie made taxable profits of £2.66m (£2.44m in 1983).

In addition to the sale, the company is paying £1.06m for controlling interests in the businesses of various private companies engaged in international trade that were built up by Goode's managing director, Mr. P. M. Waring. He sold his interests in May 1983.

The businesses being acquired primarily involve the physical movement of agricultural produce, particularly heavy grains, proteins, oils, oilseeds, tea and coffee.

Goode's taxable profits for the first six months to April 30, 1985, fell from £590,000 to £465,000 after allowing for substantial provisions for certain outstanding debtors.

The results, the directors point out, have also been affected by unfavourable exchange rates. And while the housebuilding and contracting subsidiary traded satisfactorily, house sales in the early part of the year were hit by bad weather.

Group turnover totalled £24.54m, against £25.09m, and after tax of £274,000 (£283,000) earnings per share slumped from 1.3p to 0.3p. Attributable profits after all charges amounted to £15,000 compared with £22,000. In spite of the poor results, the directors remain confident of future trading prospects.

Income arising in Zimbabwe has been excluded from the results as it is currently unremittable. There was an extraordinary charge of £54,000 relating to professional fees incurred in respect of proposals made prior to the offer in March for the company on behalf of Inditaco Establishment.

Another cash call from Emess

BY FRANK KANE

Emess Lighting, the expansionist lighting products group, is to again ask shareholders for cash to fund an acquisition.

After the £6.25m purchase of Marchant Holdings last June, partly funded by a cash call, the target this time is the privately owned light fittings group Marlin Electric for £12.5m. This will be financed by a three-for-four rights issue at 210p per ordinary share.

The issue price represents a discount of nearly 24 per cent to yesterday's closing price of 275p, up 20p.

Under the agreed terms of the acquisition, Emess will issue a total of 655m new ordinary shares, of which Marlin will retain approximately 665,201 at an ex-rights price of approximately 275p per share, to raise £1.55m of the consideration.

The balance of approximately £11m, plus £1.5m to fund working capital and to pay expenses, will be satisfied by the issue of 6.15m shares as rights. The offer has been underwritten by County Bank, the Emess adviser.

Mr. Michael Meyer, the chairman, said that the Emess board decided on a cash call as the best

way to fund the purchase "so that existing shareholders have the opportunity to participate in the continued growth of the group."

In May, the directors got £3.3m from holders to fund the cash portion of the Marchant purchase.

Marlin designs, manufactures and distributes interior and exterior light fittings for commercial and residential use from its factory at Feltham, Middlesex, backed up by a 100,000 sq ft warehouse at Twickenham, and has regional branches in other parts of England, Scotland, and in Denmark.

In the 12 months to March 12 1985, Marlin produced pre-tax profits of £1.5m (£1.1m) on turnover of £12.5m (£11.7m), and it is forecasting pre-tax profits of £1.5m for the current year.

Last year around 80 per cent of Marlin's sales were in the UK, with the rest mainly in Europe, the Middle East and Africa. At the year-end it had net tangible assets of £8.8m.

Mr. Meyer said yesterday that the acquisition of Marlin would make the Emess group the third biggest in the UK light

fittings market, behind Thorn EMI and Philips.

The announcement of the rights and acquisition accompanied Emess' interim results for the period to June 30 1985, showing a 56 per cent rise in pre-tax profits to £522,000 on turnover ahead by £2.1m at £5.9m. Marchant added £200,000, to give the group as previously constituted a 47 per cent rate of growth.

The second half has commenced well, he added, with prospects for the full year remaining excellent. The group anticipates substantial growth in the future from Marchant. He suggested a pre-tax figure in excess of £3m for the year.

Earnings for the half year just ended increased by only 20 per cent to 6.1p. After the rights are proposed, Emess will have around 15m shares in issue, compared to about 8.2m at present.

The interim dividend is lifted from 0.2p to 0.3p per share on the increased capital. Last full year the company paid a total of 4.6p on taxable profits of £265,000.

The brokers to the rights issue are Panmure Gordon & Company.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's results.	
TODAY	
Interim: Alida, Blue Circle Industries, British Petroleum, Cambridge Electric, Castrol, E.C. Lands, Godwin Warren Control Systems, Gold and Bass Metal Mines, Leasing, Lee Richardson, Foundries and Engineering, James Hall, President Entertainment, Thomas Robinson, Scottish Industrial, Star-Plus, United States Debutante, United Ward Holdings, Williams Holdings.	
FUTURE DATES	
Interim: Associated Dairies, Nataprint.	
Aurore	Sept 11
Bedford (William)	Sept 10
Bedford (Robert)	Sept 10
General Mining Union Corp.	Sept 12
Harcourt	Sept 12
Hewlett (J.) (France)	Sept 18
Hymen	Sept 3
KCA Drilling	Sept 2
Katharine	Sept 18
MCD	Sept 12
Parish (J. T.)	Sept 24
Romer	Sept 4
Finals	
Capital Television Facilities	Sept 9
Foreign and Colonial Inv. Trst.	Sept 9
Ricard	Sept 3
Whitworth Electric	Sept 9

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers
8 Lovat Lane London EC3R 8DT Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	div. (p)	%	Yield	Fully
146	123	Ass. Brit. Ind. Ord.	132	—	6.0	5.0	7.3	8.7
181	135	Ass. Brit. Ind. Ord.	150	—	10.0	10.0	10.0	10.0
77	43	Airfrap Group	51	—	4.0	12.5	8.5	11.7
42	28	Armstrong and Rhodes	157	—	4.0	2.5	19.8	20.7
108	105	Bardon Hill	54	—	3.0	6.1	7.8	8.0
44	42	Bry Technology	54	—	12.0	7.5	3.8	3.7
201	155	CCCL Ordinary	104	—	15.7	15.1	—	—
128	104	CCCL Trst. Conv. Pref.	104	—	15.7	15.1	—	—
130	10	Carbonadium Ord.	124	—	4.0	4.0	6.1	9.6
50	33	Carbonadium Trst. Pref.	47	—	6.6	13.8	4.5	7.2
43	40	Debutante Service	47	—	1.4	0.3	11.4	14.4
487	182	Frank Hovell	486	—	11.0	2.2	11.7	11.7
395	178	Frank Hovell	395	—	11.0	2.2	11.7	11.7
32	24	Frederick Parker	24	—	—	—	—	—
26	22	George Blair	26	—	—	—	—	—
20	10	Ind. Franchise	20	—	2.7	11.7	—	10.2
124	107	Isle Group	102	—	15.0	8.5	14.0	20.9
215	213	James Burrough	225	—	15.0	8.4	7.4	7.4
84	83	James Burrough	81nd	—	12.0	14.2	—	—
95	102	John Howard and Co.	105	—	8.0	8.0	7.2	7.2
100	91	Lingstone 10.5p	91	—	16.0	16.5	—	—
850	30	Minibus Holding NV	570	—	8.0	1.2	24.3	22.7
120	31	Robert Jenkins	82	—	—	—	10.6	10.6
60	28	Scruttons "A"	31	—	6.0	6.7	3.8	6.8
52	51	Torley and Cartledge	52	—	4.2	1.3	18.5	18.2
444	225	Trevian Holdings	24	—	2.1	5.2	8.2	9.0
34	17	Unilock Holdings	17nd	—	2.1	5.2	8.2	9.0
113	81	Walter Alexander	113nd	—	2.1	5.2	8.2	9.0
247	198	W. S. Yates	197nd	—	17.4	8.8	5.5	8.7

Prices and details of services now available on Freestel, page 48148

Canadian Imperial Bank of Commerce

(A Canadian Chartered Bank)

U.S. \$150,000,000

Floating Rate Deposit Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given, that for the interest period from May 31, 1985 to August 30, 1985 the rate for the first interest Sub-period from August 29, 1985 to August 30, 1985, has been determined at 8 1/4% per annum, and that the amount of interest payable against Coupon No. 4, for per US\$10,000 nominal in registered form, on the relevant interest payment date August 30, 1985, will be US\$99.97.

The Chase Manhattan Bank, N.A., London, Agent Bank

August 29, 1985



COMPANY NEWS IN BRIEF

SCOTTISH NORTHERN INVESTMENT TRUST has renewed its loan of \$20m from Morgan Guaranty Trust Company of New York for one month (with an option to renew) at an interest rate of 8 1/4 per cent per annum.

JOHN BROWN'S £70m recapitalisation programme has been completed. The company announced that shareholders representing 91.1 per cent of the equity had taken up shares in a £12.6m rights issue. The remaining shares have been sold at a premium on the stock market.

Under the refinancing deal, Trafalgar House has taken a 29.9 per cent stake in the company for £20.2m and John Brown's bankers have converted £27.2m of loans into preference and ordinary shares.

NOLTON, the industrial, property and services company, says that of the 18.6m ordinary shares offered by way of rights, some 11.4m (60.37 per cent) have been taken up. The shares not taken up have been placed at a premium in the market.

VALOR received acceptance in respect of 15.47m ordinary shares in Breville Europe (£22.5 per cent) by August 22. The offer is declared unconditional in all respects and remains open until further notice. The cash alternative has been closed. Valors owns 10 Braville shares prior to the offer, intends to acquire compulsorily the outstanding shares.

PRESS TOOLS lifted pre-tax profits from £135,000 to £338,000 for the year to end-April 1985. A final dividend of 1.75p makes 2.80p (2.15p). Turnover amounted to £2.61m (£2.49m). After tax of £125,000 (£88,000), earnings per 10p share are shown as 10.65p (8p). Current trading is patchy but board is optimistic.

ALFRED MCALPINE & SON, South Africa, has asked for

Share stakes

Alfred Walker-J. M. Donachie, director, has sold 120,582 (nil paid) 8.75 per cent cum conv red preference shares at a premium of 40p.

J. Hepworth—J. T. Rowley, a director, has exercised an option for the purchase of 50,000 ordinary and has also disposed of 50,000 ordinary.

Berkeley Group—J. D. Farrer and A. W. Fildes, directors, have each sold 50,000 shares at 165p.

English and International Trust—A. S. Reid, director, has acquired 35,000 ordinary and now holds 60,490 (0.28 per cent).

Flextech—L. V. D. Tindale, chairman, has acquired 10,000 ordinary.

Burns Anderson—K. Buckley, director, has disposed of 30,000 ordinary.

Marks and Spencer—C. V. Silver, director, has acquired 45,778 ordinary by exercise of options, which he has then sold.

Physic—C. S. J. Summerlin, director, disposed of 50,000 new shares at 165p and now holds 1,896,188 (7.578 per cent).

Saxon Oil

The closing date for the proposed merger between Saxon Oil and Charterhouse Petroleum has been extended to September 3, the level of acceptance received by yesterday's date showing no advance on the levels seen on August 20. Acceptances for the total 79.33 per cent of Charterhouse and 86.45 per cent of Saxon shares.



The Republic of Panama

U.S. \$70,000,000

Floating Rate Serial Notes due 1990

For the six months

30th August, 1985 to 28th February, 1986

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 9 1/4 per cent, per annum, and that the interest payable on the relevant interest payment date, 28th February, 1986 against Coupon No. 15 will be U.S. \$258.94.

Product development

London NW11. 6.45 Mary O'Hara and Friends. 7.15 "Botany Bay," starring James Mason. Chips. 11.45 Reflections. 11.50 Golf Company. 12.15 Presents Two's Best (S). Shipping Forecast.

Assurance PLC Division 501 IEL 0793 282491	Confederation Life Insurance Co. 50, Chancery Lane, WC2A 1AE. 01-242 0282	General Portfolio Life Ins. PLC Cromwell St., Chesham, Herts. 0992 319771	Legal & General (U.A.) 15, Abchurch Lane, London EC4N 3DF 01-475 2000
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AUTHORISED UNIT TRUSTS & INSURANCES

252, High Street, London, E14 6JH TSE Unit Trusts (a) (b) (c) 01-495 441 01-495 442 01-495 443 01-495 444 01-495 445 01-495 446 01-495 447 01-495 448 01-495 449 01-495 450 01-495 451 01-495 452 01-495 453 01-495 454 01-495 455 01-495 456 01-495 457 01-495 458 01-495 459 01-495 460 01-495 461 01-495 462 01-495 463 01-495 464 01-495 465 01-495 466 01-495 467 01-495 468 01-495 469 01-495 470 01-495 471 01-495 472 01-495 473 01-495 474 01-495 475 01-495 476 01-495 477 01-495 478 01-495 479 01-495 480 01-495 481 01-495 482 01-495 483 01-495 484 01-495 485 01-495 486 01-495 487 01-495 488 01-495 489 01-495 490 01-495 491 01-495 492 01-495 493 01-495 494 01-495 495 01-495 496 01-495 497 01-495 498 01-495 499 01-495 500 01-495 501 01-495 502 01-495 503 01-495 504 01-495 505 01-495 506 01-495 507 01-495 508 01-495 509 01-495 510 01-495 511 01-495 512 01-495 513 01-495 514 01-495 515 01-495 516 01-495 517 01-495 518 01-495 519 01-495 520 01-495 521 01-495 522 01-495 523 01-495 524 01-495 525 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COMMODITIES AND AGRICULTURE

Bauxite company projects \$27.8m loss in Surinam

BY CANUTE JAMES IN KINGSTON

BILLITON, a subsidiary of Royal Dutch Shell, has reported losses of \$27.8m in the first six months of this year on its bauxite mining operations in Surinam. The company said this is \$800,000 more than its losses in the corresponding period of last year.

Billiton said it was projecting a loss of \$27.8m for this year, following a \$21.3m loss last year.

Industry officials said the other bauxite company operating in the country, the Surinam Aluminium Company (Suralco), a wholly-owned subsidiary of the Aluminium Company of America, was also likely to report a loss this year.

Suralco reported a loss of \$15m last year, following a \$9m profit in 1982.

Billiton's statement of the company's financial performance was issued amid continuing tension in its mines. Three weeks ago the company's miners ended a work to rule protest at Billiton's failure to raise wages by 5 per cent this year.

Company officials said although the miners were working normally, the situation in the mines remained "unsettled".

The company said its operations had been affected by rising losses and a decline in prices for bauxite and alumina.

Commander Desi Bouterse, Surinam's leader, said recently that a solution to the wage contract impasse was "at hand".

Surinam last year produced 3.3m tonnes of ore, 800,000 tonnes more than 1982. Earnings from exports of raw and refined bauxite, and alumina, reached \$235m last year, \$5m more than in 1982.

Plan for software tool demonstration centre

PLANS FOR a software tool demonstration centre, to be based at the National Computing Centre in Manchester, early next year, were announced yesterday by Mr Geoffrey Pattie, Industry and Information Technology Minister.

Speaking at the eighth international conference on software engineering, at Imperial College, London, Mr Pattie said: "It has become evident that potential software users are not always fully aware of the relevance of the software tools, nor are they easily able to judge the balance of benefits to costs when deluged with the sometimes extravagant claims from tool vendors."

At the centre, he said, users could gain experience of tools on the market and receive impartial advice. It would form

a natural focus for publicising the practical outputs from the Alvey and Esprit programmes, and would, he hoped, contribute significantly to the take up of software engineering in the UK.

Mr Pattie also spoke about the need for the software engineering industry to improve standards of quality, reliability and adaptability.

"Too much contemporary software is still unsatisfactory. It is still too often costly, late, it still too often costs more than expected. It sometimes fails to work in the way required, and it quite often consumes excessive resources on what is euphemistically called 'maintenance'."

Mr Pattie said the need to improve in these areas was the immediate challenge for software engineering.

Oversupply of copper forecast to continue

WEST BERLIN—World copper production looks set to rise by an annual average of 4 per cent from now until 1990, the DIW economic research institute said last week.

It predicted that world copper mining capacity will rise by 1.1m tonnes to 11.4m tonnes a year by 1990.

At the moment a corresponding rise in copper consumption does not look likely. Therefore, for the medium term the pressure of oversupply on the world copper market is likely to continue, it said in a report.

The imbalance between supply and demand needed urgent correction, Reuter.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 98.6 per cent, \$ per tonne, in warehouse, 2,800-2,850.

BISMUTH: European free market, min. 99.99 per cent, \$ per lb, in warehouse, 4,400-4,450.

CADMIUM: European free market, min. 99.95 per cent, \$ per lb, in warehouse, 100-105.

COPPER: European free market, 99.5 per cent, \$ per lb, in warehouse, 117-118.5.

MERCURY: European free market, min. 99.99 per cent, \$ per flask, in warehouse, 288-295.

MOLYBDENUM: European free market, drummed molybdenum oxide, \$ per lb, in warehouse, 3.2-3.25.

SELENIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 7,300-7,500.

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit WO₃, cif, 65-71.

VANADIUM: European free market, min. 98 per cent V₂O₅, other sources, \$ per lb V₂O₅, cif, 2.15-2.25.

URANIUM: Nuxeo exchange value, \$ per lb U₃O₈, 15.75.

Importers up in arms over aflatoxin plan

UK GRAIN, feed and oilseed trade organisations are up in arms about an obscure but significant piece of legislation just voted through by the European Parliament.

The EEC directive in question, which seeks to control aflatoxin contamination in animal feedstuffs, is now on the last lap to becoming Community law.

If passed by the Council of Ministers in the autumn—and the chances of that are strong—it will permit random checks on feed raw material cargoes imported into the Community, replacing an original plan to monitor finished feedstuffs.

Traders are worried that the plan will disrupt commerce in feedgrains, oilseeds and products unrelated to animal feed, such as vegetable oils. They are mounting an all-out effort to stall or modify the legislation by lobbying their counterparts on the Continent, but time is running out.

Aflatoxin is a mould found in minute quantities in many vegetable products. In large doses it is a direct poison but of most importance are the links drawn between aflatoxin and liver cancer. The European Commission itself has for years been trying to ascertain a "safe" level for its occurrence in feeds and a practical way of enforcing that limit. In the interim, some member states, including the UK, have imposed bans on imports of "high aflatoxin-risk" feed ingredients—notably groundnut meal.

John Buckley explains concern about the far reaching effects of an EEC move to prevent contamination of animal feed

The conflicting results of research, says one expert. Many in the trade feel the Commission's level—three parts per million (ppm)—has been set too low, pointing out that possibly contaminated substances form but a small part of the feeds into which they are incorporated.

However, what has really disturbed the trade now is the mechanism the Commission has chosen, and its sudden decision to pass through the necessary laws despite the serious misgivings of at least two consultative committees.

Officially, the Commission aims to "harmonise" the law between member states because, to date, the lack of Community-wide provision has led to proliferation of national legislation. In Holland, for example, aflatoxin limits are fixed at 0.4 ppm while in the UK they are as low as 0.05 ppm, but only

applied to groundnut products (a de facto ban on imports in the UK's case).

Initially, the Commission decided to apply an aflatoxin ceiling to straight feeds and compounds. But it then encountered the problem of "home-mixers," farmers who

the interior. This, says the Commission's own consultative committee on agriculture, would make the law difficult to police, possibly leading to even greater danger to human or animal health.

The agriculture committee also believes the directive's

potential impact on the EEC's trade relations with suppliers. The U.S. has made it clear that point of entry controls (which could hit maize and soya) would be seen as yet another cleverly obfuscated EEC attempt to

Just as contentious is the potential impact on the EEC's trade relations with suppliers. The U.S. has made it clear that point of entry controls (which could hit maize and soya) would be seen as yet another cleverly obfuscated EEC attempt to

Understandably, the Commission has given most weight, in reaching its decision, to the views of the committee on environment, public health and consumer protection which has come down heavily on the side of strict limits on raw materials rather than finished goods and on point of entry control.

However, as trade observers point out, laudable though that might be, it hardly begins to take account of the trade aspects of protecting the consumer.

Counter proposals have been rejected for example to control contamination nearer still to source. For example, checks at origin would run the risk of the

mould which might be present in vast quantities, say at point of groundnut meal production, flaring in the hold of a vessel to hazard levels by the time it reached destination. The same problem arises with placing the onus of testing on shippers who could find themselves producing cargoes that shall be put to no use whatsoever.

Just as contentious is the potential impact on the EEC's trade relations with suppliers. The U.S. has made it clear that point of entry controls (which could hit maize and soya) would be seen as yet another cleverly obfuscated EEC attempt to

African, Caribbean and Pacific (ACP) nations are also annoyed at the Commission's unkept promise to consult these fully as suppliers who would be hit hardest and hit first by the raw material controls.

Currently, the UK looks out of step with its European partners over the directive but trade policy experts at FOSFA and GATF (the UK Grain and Feed Trade Association) are at pains to stress their opposition is on the grounds of practicality, not the principle of aflatoxin control and that the right place for this is on the finished product.

UK trade attacks EEC grain proposals

BY OUR COMMODITIES EDITOR

BRITAIN'S GRAIN trade yesterday attacked the European Commission's latest proposals for reform of the Common Agricultural Policy, saying that they failed to recognise the urgency of the cereals surplus problem.

EEC farm ministers are due next month to take a first detailed look at the Commission's proposals on cereals, included in the "Perspectives" Green Paper which it published several weeks ago.

At a press conference yesterday, the UK Grain and Feed Trade Association (GATF) welcomed the Commission's recognition that cereal production must be reduced, but said: "The Commission has still failed to appreciate the gravity of the problem now facing the cereal market."

The most pressing need, said Mr Michael Johnston, GATF's trade policy co-ordinator, was to put prices so as to bring supply into line with demand. He com-

plained, however, that the EEC was unlikely to agree to such a radical reduction in production until it had agreed to reduce production over time, and that the Community was more likely to be forced into taking "panic measures" like last year's dairy quotas.

GATF said that without preventive action, cereal stocks would continue to grow from the present 22m to 23m tonnes to as much as 90m tonnes in 1991.

It also severely criticised attempts to measure availability to tackle the grain surplus. Co-responsibility levies on producers to finance the cost of surplus disposal would merely lead to higher prices, higher production and possible disruption of world markets.

Production quotas were unfair and complex to administer and would lead to a freezing of existing patterns of production.

U.S. oil stocks fall further

By Nancy Dunne in Washington

U.S. STOCKS of most petroleum products dipped again last week as crude oil stocks dropped to 320m barrels, the American Petroleum Institute reported.

Crude stocks were down 6.5m barrels from the previous week and more than 26m barrels below last year at this time.

Distillate fuel oil stocks edged down during the week from 118m barrels to 117.5m barrels.

LONDON MARKETS

LONDON COFFEE futures prices moved down sharply yesterday, wiping out Tuesday's advance. The November position slipped to \$1,678.50 a tonne at one stage before ending the day \$24.50 lower at \$1,653.50 a tonne.

Dealers said there was no fresh weather or fundamental news to affect the market yesterday, but the decline chiefly attributed to sentiment and sterling's firmness against the dollar.

They said New York's firm overnight tone appeared to have been ignored. Also fall quite sharply during the day but recovered to end only modestly down. The December futures quotation slipped to a low of \$1,755 but ended only \$4 down at \$1,749.50 a tonne.

The fall, which followed a slightly firmer opening, reflected hedge selling against recent West African producer sales said by jobber profit taking, dealers said.

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LONDON STOCK EXCHANGE

MARKET REPORT

Equities unsettled on South African developments
Gold index retreats to 3-year low

Account Dealing Dates

Options

First Declared Last Account

Dealing Date Dealing Day

July 29 Aug 8 Aug 9 Aug 19

Aug 12 Aug 29 Aug 30 Sept 9

Sept 2 Sept 12 Sept 13 Sept 23

Sept 24 Sept 25 Sept 26 Sept 27

Sept 28 Sept 29 Sept 30 Sept 31

Oct 1 Oct 2 Oct 3 Oct 4

Oct 5 Oct 6 Oct 7 Oct 8

Oct 9 Oct 10 Oct 11 Oct 12

Oct 13 Oct 14 Oct 15 Oct 16

Oct 17 Oct 18 Oct 19 Oct 20

Oct 21 Oct 22 Oct 23 Oct 24

Oct 25 Oct 26 Oct 27 Oct 28

Oct 29 Oct 30 Oct 31 Nov 1

Nov 2 Nov 3 Nov 4 Nov 5

Nov 6 Nov 7 Nov 8 Nov 9

Nov 10 Nov 11 Nov 12 Nov 13

Nov 14 Nov 15 Nov 16 Nov 17

Nov 18 Nov 19 Nov 20 Nov 21

Nov 22 Nov 23 Nov 24 Nov 25

Nov 26 Nov 27 Nov 28 Nov 29

Nov 30 Dec 1 Dec 2 Dec 3

Dec 4 Dec 5 Dec 6 Dec 7

Dec 8 Dec 9 Dec 10 Dec 11

Dec 12 Dec 13 Dec 14 Dec 15

Dec 16 Dec 17 Dec 18 Dec 19

Dec 20 Dec 21 Dec 22 Dec 23

Dec 24 Dec 25 Dec 26 Dec 27

Dec 28 Dec 29 Dec 30 Dec 31

Jan 1 Jan 2 Jan 3 Jan 4

Jan 5 Jan 6 Jan 7 Jan 8

Jan 9 Jan 10 Jan 11 Jan 12

Jan 13 Jan 14 Jan 15 Jan 16

Jan 17 Jan 18 Jan 19 Jan 20

Jan 21 Jan 22 Jan 23 Jan 24

Jan 25 Jan 26 Jan 27 Jan 28

Jan 29 Jan 30 Jan 31 Feb 1

Feb 2 Feb 3 Feb 4 Feb 5

Feb 6 Feb 7 Feb 8 Feb 9

Feb 10 Feb 11 Feb 12 Feb 13

Feb 14 Feb 15 Feb 16 Feb 17

Feb 18 Feb 19 Feb 20 Feb 21

Feb 22 Feb 23 Feb 24 Feb 25

Feb 26 Feb 27 Feb 28 Feb 29

Feb 30 Mar 1 Mar 2 Mar 3

Mar 4 Mar 5 Mar 6 Mar 7

Mar 8 Mar 9 Mar 10 Mar 11

Mar 12 Mar 13 Mar 14 Mar 15

Mar 16 Mar 17 Mar 18 Mar 19

Mar 20 Mar 21 Mar 22 Mar 23

Mar 24 Mar 25 Mar 26 Mar 27

Mar 28 Mar 29 Mar 30 Mar 31

Apr 1 Apr 2 Apr 3 Apr 4

Apr 5 Apr 6 Apr 7 Apr 8

Apr 9 Apr 10 Apr 11 Apr 12

Apr 13 Apr 14 Apr 15 Apr 16

Apr 17 Apr 18 Apr 19 Apr 20

Apr 21 Apr 22 Apr 23 Apr 24

Apr 25 Apr 26 Apr 27 Apr 28

Apr 29 Apr 30 May 1 May 2

May 3 May 4 May 5 May 6

May 7 May 8 May 9 May 10

May 11 May 12 May 13 May 14

May 15 May 16 May 17 May 18

May 19 May 20 May 21 May 22

May 23 May 24 May 25 May 26

May 27 May 28 May 29 May 30

May 31 Jun 1 Jun 2 Jun 3

Jun 4 Jun 5 Jun 6 Jun 7

Jun 8 Jun 9 Jun 10 Jun 11

Jun 12 Jun 13 Jun 14 Jun 15

Jun 16 Jun 17 Jun 18 Jun 19

Jun 20 Jun 21 Jun 22 Jun 23

Jun 24 Jun 25 Jun 26 Jun 27

Jun 28 Jun 29 Jun 30 Jul 1

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Jul 6 Jul 7 Jul 8 Jul 9

Jul 10 Jul 11 Jul 12 Jul 13

Jul 14 Jul 15 Jul 16 Jul 17

Jul 18 Jul 19 Jul 20 Jul 21

Jul 22 Jul 23 Jul 24 Jul 25

Jul 26 Jul 27 Jul 28 Jul 29

Jul 30 Aug 1 Aug 2 Aug 3

Aug 4 Aug 5 Aug 6 Aug 7

Aug 8 Aug 9 Aug 10 Aug 11

Aug 12 Aug 13 Aug 14 Aug 15

Aug 16 Aug 17 Aug 18 Aug 19

Aug 20 Aug 21 Aug 22 Aug 23

Aug 24 Aug 25 Aug 26 Aug 27

Aug 28 Aug 29 Aug 30 Aug 31

Sept 1 Sept 2 Sept 3 Sept 4

Sept 5 Sept 6 Sept 7 Sept 8

Sept 9 Sept 10 Sept 11 Sept 12

Sept 13 Sept 14 Sept 15 Sept 16

Sept 17 Sept 18 Sept 19 Sept 20

Sept 21 Sept 22 Sept 23 Sept 24

Sept 25 Sept 26 Sept 27 Sept 28

Sept 29 Sept 30 Oct 1 Oct 2

the shares, reinforced by size-

able U.S. buying, advanced 20

more to 344p—a gain of 31 so

far this week. Once again,

rumours persisted of a bid from

GEC or Hanson Trust with

Argyll Group mentioned as a

possible outsider.

The Building sector displayed

two particularly dull features.

AMEC fell 15 to 240p after

revealing half-year profits some

£2m below market estimates,

while Taylor Woodrow lost 17 to

430p after comment on the in-

terim results. Blue Circle

softly rose 4 to 421p, citing

today's half-time. Elsewhere,

Press comment stimulated in-

terest in Meyer International, up

3 to 140p, after 150p, while

speculative demand lifted

Blockley 100 to 80p. Helical

Bar attracted buyers and firmed

6 to 50p. Higgs and Hill rose 10

afresh to 400p.

KIX drifted back to a year's

low of 640p on currency in-

fluences before settling 4 cheaper

at 647p.

Leading Retailers' drifted

lower before attracting

occasional support after hours

and closing well above the day's

worst. Burton, down to 400p

earlier, saw a sharp recovery

to 410p, while W. H. Smith,

a relatively nervous

market since the annual figures

were revealed last week, hard-

ened a few pence to 240p. Marks

and Spencer, however, continued

to give ground in the wake of

recent cautious comment from

the company. In contrast, Oils

traded firmly, with today's

announcement of half-

yearly figures from British

Petroleum selling 10 from

Ward White at 318p.

Other well known names to

report trading statements today

include Associated Dairies and

Blue Circle.

Activity in the Gilt-edged

market failed to expand from the

recent low levels. However,

quotations were inclined a frac-

tion harder in both long and

shorter dated stocks, the improve-

ment being encouraged by the

overnight firmness in U.S. bonds

and yesterday's gain in sterling.

From mention of a possible in-

vestment in index-linked issues

which recorded rises of 1 and

occasionally more.

Banks dull

The major clearing banks

remained overshadowed by inter-

national debt worries and gave

further ground prior to closing a

shade above the worst. Barclays

settled 9 off at 380p, after 385p,

and Lloyds 7 cheaper at 420p,

after 425p. Midland stood 5 to

382p and NatWest 7 to 650p.

Standard Chartered reflected

South African worries with a

reaction of 20 to 440p. Elsewhere

in the banking sector, Citi

Durrant and Murray fell to 33p

following the poor interim

results.

Relative support of

Distillers continued space and

the shares, reinforced by size-

able U.S. buying, advanced 20

more to 344p—a gain of 31 so

far this week. Once again,

rumours persisted of a bid from

GEC or Hanson Trust with

Argyll Group mentioned as a

possible outsider.

The Building sector displayed

two particularly dull features.

AMEC fell 15 to 240p after

revealing half-year profits some

FINANCIAL TIMES STOCK INDICES

	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Year Ago
Government Secs	85.26	85.26	85.26	85.26	85.26	85.26	70.76
Fixed Interest	85.26	85.26	85.26	85.26	85.26	85.26	85.26
Ordinary	991.2	991.2	991.2	991.2	991.2	991.2	848.3
Gold Mines	990.4	990.4	990.4	990.4	990.4	990.4	848.3
Ord. Div. Yield	4.76	4.76	4.76	4.76	4.76	4.76	4.76
Earnings, Yld. 10/100	11.76	11.76	11.76	11.76	11.76	11.76	11.76
P/E Ratio (not 100)	10.84	10.84	10.84	10.84	10.84	10.84	10.84
Total Returns (2m)	30.34	30.34	30.34	30.34	30.34	30.34	16.78
Equity turnover (%)	348.04	348.04	348.04	348.04	348.04	348.04	304.18
Equity bargains	14,571	14,571	14,571	14,571	14,571	14,571	12,800
Shares traded (m)	185.4	185.4	185.4	185.4	185.4	185.4	180.7

10 am 988.5, 11 am 987.0, Noon 985.0, 1 pm 985.3.

2 pm 985.0, 3 pm 984.4, 4 pm 984.5.

Day's High 991.2, Day's Low 984.5.

Basis 100 Govt. Secs. 15/100, Fixed Int. 1022, Ordinary 1/7/36.

Gold Mines 12/5/56, SE Activity 1974.

Latest Index 91.46, 9025.

* Nil = 10.15.

HIGHS AND LOWS S.E. ACTIVITY

	1985	Since Comp.	High	Low	High	Low	High	Low
Govt. Secs.	85.26	78.08	85.26	78.08	85.26	78.08	85.26	78.08
Fixed Int.	85.26	85.26	85.26	85.26	85.26	85.26	85.26	85.26
Ordinary	991.2	911.0	991.2	911.0	991.2	911.0	991.2	911.0
Gold Mines	990.4	911.0	990.4	911.0	990.4	911.0	990.4	911.0

hardened a shade to 140p.

Recent good results continued to

boost Telcel, 3 up at 79p, and

Richards (Leicester), a like

amount better at 83p.

Among Food Retailers, Argyll

came under further selling

pressure on talk that the com-

pany is about to announce an

acquisition and fell 14 to 311p;

yesterday, the company was

being mentioned as a possible

bidder for Distillers. Associated

Batteries closed 4 to 140p, aver-

aging today's annual results and

gave up 5 to 250p. Bid favorite

Kwik Save came back 6 to 215p

in the absence of any develop-

ments.

Reckitt & Colman weak

Companies with South African

interests bore the brunt of sell-

ing in a generally dull industrial

sector. Reckitt and Colman were

a particularly weak market at

212.6m. Microvite hardened 3

to 43p following mid-term

results.

Vesper, a strong market

recently on compensation hopes,

fell 25 to 215p following profit-

taking. TI dipped to 300p early

on but picked up well and

closed a couple of pence firmer.

The "Bullish" 100 index, a

takeover speculation. Elsewhere,

Babcock International's interim

results were broadly in line with

market forecasts and the shares

hardened a shade to 140p.

Recent good results continued to

boost Telcel, 3 up at 79p, and

Richards (Leicester), a like

amount better at 83p.

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yesterday, the company was

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bidder for Distillers. Associated

Batteries closed 4 to 140p, aver-

aging today's annual results and

gave up 5 to 250p. Bid favorite

WORLD STOCK MARKETS

AUSTRIA

Aug. 28	Price	±
Österreichische	358	-7
Erste Bank	520	-2
Wolfsberger	520	-2
Wolfsberger	520	-2
Wolfsberger	520	-2

BELGIUM/LUXEMBOURG

Aug. 28	Price	±
BEL	2,000	+10
BEL	2,000	+10
BEL	2,000	+10
BEL	2,000	+10
BEL	2,000	+10

DENMARK

Aug. 28	Price	±
Andelsbanken	594	+10
Andelsbanken	594	+10
Andelsbanken	594	+10
Andelsbanken	594	+10
Andelsbanken	594	+10

FRANCE

Aug. 28	Price	±
Emprunt 4 1/2 1975	1,610	-2
Emprunt 4 1/2 1975	1,610	-2
Emprunt 4 1/2 1975	1,610	-2
Emprunt 4 1/2 1975	1,610	-2
Emprunt 4 1/2 1975	1,610	-2

NETHERLANDS

Aug. 28	Price	±
ACF Holding	398	-1
ACF Holding	398	-1
ACF Holding	398	-1
ACF Holding	398	-1
ACF Holding	398	-1

GERMANY

Aug. 28	Price	±
AEG-Telco	135	+4.7
AEG-Telco	135	+4.7
AEG-Telco	135	+4.7
AEG-Telco	135	+4.7
AEG-Telco	135	+4.7

NORWAY

Aug. 28	Price	±
Borgesen Bank	142	-1
Borgesen Bank	142	-1
Borgesen Bank	142	-1
Borgesen Bank	142	-1
Borgesen Bank	142	-1

SPAIN

Aug. 28	Price	±
Banco Bilbao	358	-1
Banco Bilbao	358	-1
Banco Bilbao	358	-1
Banco Bilbao	358	-1
Banco Bilbao	358	-1

SWEDEN

Aug. 28	Price	±
AGA	116	+1
AGA	116	+1
AGA	116	+1
AGA	116	+1
AGA	116	+1

ITALY

Aug. 28	Price	±
Banco Com. It.	34,180	-150
Banco Com. It.	34,180	-150
Banco Com. It.	34,180	-150
Banco Com. It.	34,180	-150
Banco Com. It.	34,180	-150

AUSTRIA (continued)

Aug. 28	Price	±
Gen. Prop. Trust	2.2	-0.05
Gen. Prop. Trust	2.2	-0.05
Gen. Prop. Trust	2.2	-0.05
Gen. Prop. Trust	2.2	-0.05
Gen. Prop. Trust	2.2	-0.05

JAPAN (continued)

Aug. 28	Price	±
WHI	395	-5
WHI	395	-5
WHI	395	-5
WHI	395	-5
WHI	395	-5

CANADA

TORONTO

Closing prices August 28

Stock	High	Low	Open	Close
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2

MONTREAL

Closing prices August 28

Stock	High	Low	Open	Close
44850 Torstar B	229 1/2	229 1/2	229 1/2	229 1/2
44850 Torstar B	229 1/2	229 1/2	229 1/2	229 1/2
44850 Torstar B	229 1/2	229 1/2	229 1/2	229 1/2
44850 Torstar B	229 1/2	229 1/2	229 1/2	229 1/2
44850 Torstar B	229 1/2	229 1/2	229 1/2	229 1/2

HONG KONG

Aug. 28

Stock	High	Low	Open	Close
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8

SINGAPORE

Aug. 28

Stock	High	Low	Open	Close
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8

SOUTH AFRICA

Aug. 27

Stock	High	Low	Open	Close
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8
Bank East Asia	22.8	22.8	22.8	22.8

NEW YORK

DOW JONES

Aug. 28

Stock	High	Low	Open	Close
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2

STANDARD AND POORS

Aug. 28

Stock	High	Low	Open	Close
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2

NEW YORK Active Stocks

Aug. 28

Stock	High	Low	Open	Close
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2

LONDON

Chief price changes

(in pence unless otherwise indicated)

Stock	High	Low	Open	Close
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2
4002 Abn Price	229 1/2	229 1/2	229 1/2	229 1/2

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Continued on Page 29

girl-mole, perhaps (9)	London NW11.	the person. 0.30 News. 5.30 Appeal. 8.45 Mary O'Hara and Friends. 7.15	1.30 "Painting" "Botany Bay."	starting. 2.30	Subplots. 5.00 Wild Heritage. 5.30 Ship. 11.45 Reflections. 11.30	Hart. 11.45 That's Hollywood. 12.15 am	Chaffin (8). 3.00-4.00 Gloria Pennington Presents The Star's Best (3).	12.00-12.15 am. Mavis's Shipping Forecast.
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FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Labor Day holiday mood takes hold

INVESTMENT ACTIVITY remained slow on Wall Street yesterday, with the ranks of traders already thinning out ahead of the Labor Day weekend break writes Terry Byland in New York.

Stock prices moved sharply upwards at the end of the session, but in turnover still moderate by average standards. Bonds eased ahead of today's disclosure of the Commerce Department's index of leading economic indicators.

The Dow Jones industrial average, firm throughout the day, spurred ahead in the last half hour to close a net 8.62 points higher at 1,331.09 on turnover of 88.8m shares. The broader market edged higher.

Credit markets opened firmly despite a soaring federal funds rate of 8 1/2 per cent, which reflected demands for short-term cash ahead of the three-day weekend. At noon, the Fed made its expected appearance with overnight system repurchases, and then the announcement that it would buy Treasury bills, including \$300m for its customer accounts, after the day's auction of five-year notes.

Federal funds settled down to around 8 1/2 per cent, with other short-term rates showing little change from overnight and bond prices came off the top.

In the stock market, trading activity came mostly from short-term operators who expect the market to improve, at least temporarily, when the turnover picks up after the Labor Day break. But there was no genuine investment support behind the initial rally and the market soon turned irregular.

Some analysts now suggest that Wall Street has yet to adjust to the signs of a slower economy and that next month may bring a downwards ratcheting of forecasts of corporate profits. In addition, investors are worried over the outlook for the credit markets, where opinions divide between those who expect the Fed to ease credit to stimulate the economy and those who believe that a surging money supply will effectively tie the Fed's hands.

Special situations continued to provide many features. ITT, long a takeover prospect, jumped 3 1/2 to \$33 1/2, in heavy turnover. Uniroyal dipped 3 1/2 to \$21 1/2, also in very heavy turnover, on reports that the Environmental Protection Agency will bar use of one of its agricultural chemical products.

Wall Street was poised for Union Carbide's announcement of a major restructuring plan in the wake of its recent problems. The shares, suspended at \$54 1/2 on the NYSE, returned to massive trading of nearly 5m shares, closing a net 3 1/2 up at \$55 1/2.

Westinghouse Electric, also briefly suspended, jumped 3 1/2 to \$37 1/2 in heavy trading on proposals to buy back 25m shares, or about 14 per cent of the equity.

General Public Utilities rose 3 1/2 to \$14 1/2 after a Federal appeals court unexpectedly supported the former ruling allowing it to restart the Three Mile Island plant.

But blue-chip stocks remained rather out of the picture. Airlines took fresh

losses as brokerage analysts turned bearish. American, a recent target for bearish comment, fell a further 5 1/2 to \$45 1/2 in hefty turnover, and other domestic carriers to weaken included Delta, down 5 1/2 to \$45 1/2, and Eastern, down 5 1/2 to \$41 1/2. Pan Am, however, rallied from an early fall to stand 3 1/2 up at \$8.

The computer and technology stocks were either side of their overnight prices, without attracting much investment interest. IBM at \$128 shed 3 1/2, Honeywell at \$81 1/2 was unchanged.

There were some firm spots among the heavy industrials, where General Electric managed a gain of 5 1/2 to \$61 1/2. Boeing at \$48 1/2 added 3 1/2, but was still unsettled.

On the takeover scene, SCM at \$67 1/2, eased 3 1/2 on slack turnover as speculators waited, hopefully, for a new twist in the bid struggle between Hanson Trust of the UK and the SCM directors who strongly oppose Hanson's \$80-a-share offer.

U.S. banks were unaffected by reports that some foreign banks were refusing to roll over credits to South Africa. Bank stocks moved in line with the rest of the market, Chase Manhattan adding 3 1/2 to \$56 1/2 and Bankers Trust 3 1/2 to \$65 1/2.

Among companies reporting results, U.S. Shoe, 3 1/2 up at \$35 1/2 on sharply higher profits, provided the main feature.

LONDON

S. Africa at centre of attention

A SHARP SETBACK in South African gold and industrial shares on the London Stock Exchange yesterday, following the South African authorities' suspension of domestic dealings until next Monday, provided the main source of interest.

Trading on the Johannesburg stock exchange is suspended until Monday. However, South African shares were marked lower as trading continued in London, Frankfurt, Zurich and New York.

These developments made little impact on most UK blue chips, but triggered selling of companies with South African interests.

Lack of fresh investment demand and a little profit-taking was largely responsible for a modest early setback in the equity leaders.

But helped by late support for Lucas up 10p at 320p and a further speculative gain in Distillers, 20p ahead at 344p, the Financial Times Ordinary Index finished 1 1/2 higher at 991.3, having retreated more than 5 points at the mid-day calculation.

Activity in the gilt-edged market failed to expand from the recent low levels. However, quotations were inclined a fraction harder in both long and short-dated stocks.

Chief price changes, Page 27; Details, Page 28; Share information service, Pages 24-25

HONG KONG

A MIXED PERFORMANCE was seen in Hong Kong, despite the margin results from Hongkong and Shanghai Banking late the previous day which were at the upper end of many estimates.

Some profit-taking erased early gains in the shares, leaving Hongkong Bank to close unchanged at HK\$7.75.

The Hang Seng index ended just 1.55 higher at 1,668.85, with many investors awaiting results tomorrow from Cheung Kong, 10 cents lower at HK\$18.60, and Swire Pacific, unchanged at HK\$25.80.

SINGAPORE

THE CONTINUED ABSENCE of foreign demand left Singapore again drifting lower with the Straits Times Industrial index registering a 2.77 decline to 745.67.

Analysts see no early end in sight to the lacklustre performance. However, they hope that stimulative measures could be announced as part of the Malaysian budget on October 25, or by the economic committee set up to review Singapore's development policies, which is due to report at the end of the year.

Supreme Corp topped the active list ending 4 cents higher at S\$1.77.

AUSTRALIA

VIGOROUS BUYING of gold shares, as investors reacted to the tense South African situation, spurred a strong Sydney advance. The Gold index added 55.3 to 1,098.4, while the All Ordinaries index put on 5 to 946.9.

Kidston was one of the strongest gold stocks as it reported four month profits, advancing 42 cents to A\$6.06.

BHP rose 6 cents to A\$7.16 in active trading while CSR fell 1 cent to A\$3.03.

Bond Corp ordinary shares added 5 cents to A\$1.80, after trading as high as A\$1.88, and the new shares rose 11 cents to A\$1.66.

CANADA

A CONTINUING RISE in gold stock prices propelled Toronto higher in active trading.

Lac Minerals traded C\$1 1/2 higher to C\$3.90 after the previous day's C\$1 1/2 advance, while Dome Mines put on C\$3 1/2 to C\$13 1/2 and Echo Bay was C\$4 ahead at C\$20 1/2.

TOKYO

Financials return to favour

ENERGETIC SALES efforts by securities houses boosted equity trading in Tokyo yesterday, with hidden-asset and financial issues returning to favour but large-capital and public works-related stocks retreating, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei-Dow market average finished 5.91 points lower at 12,885.50 on a volume of 820m shares, up sharply from the previous day's 520m. Losses outpaced gains by 412 to 400, with 131 issues unchanged.

Trading in big-capital issues continued active, but selling tended to outpace buying in reaction to the boom that began early last week.

Mitsubishi Heavy Industries remained the most active stock with 58.4m shares changing hands, but shed Y8 to Y395 on profit-taking. Similar issues to follow suit included Nippon Steel, easing Y2 to Y178, and Kawasaki Heavy Industries, down Y5 to Y222.

Minobe, which soared in the previous session on reports of a possible takeover by a U.S. investment company, moved erratically on speculative interest. It climbed Y80 to Y800 at one stage in the morning, but fell back to Y750 on late heavy selling before closing Y40 up on-balance Y780 on a volume of 22.7m shares.

In this speculative mood, Takasago Perfumery, Co-op Chemical and Fujiya were also traded actively, rising Y55 to Y885, Y19 to Y455, and Y220 to Y2,100, respectively.

Many construction firms suffered heavy selling. Obayashi firmed Y2 to Y447, but Kajima lost Y9 to Y480, Fudo Construction Y59 to Y340, Daiwa Construction Y22 to Y358 and Tobishima Y23 to Y411.

Stocks with hidden assets like properties, warehouses and railways attracted numerous buyers. Mitsubishi Estate, the most popular in this category, gained Y46 to Y1,000 at one stage, but closed only Y26 up at Y980 on a volume of 29.83m shares, the third busiest.

Mitsui Real Estate Development climbed Y39 to Y920 and Sumitomo Realty and Development Y28 to Y858.

Financial stocks, particularly non-life

insurances, gained ground. Tokio Marine and Fire Insurance jumped Y33 to Y928, Sumitomo Marine and Fire Insurance Y34 to Y725 and Yasuda Fire and Marine Insurance Y40 to Y595. Some city bank and brokerage stocks were also sought.

Bond market yields tumbled across the board as city banks and other dealers traded heavily to make quick profits.

The yield on the benchmark 6.8 per cent government bond due in December 1994 fell to a record low of 6.105 per cent from Tuesday's 6.160 per cent, down from the previous low of 6.145 per cent seen on August 23.

EUROPE

Rate hopes provide the lure

THE LURE of lower interest rates competed with the latest batch of corporate trading statements for investor attention on the European bourses yesterday.

Milan basked in the glow of a one-percentage point cut in prime rate by several leading banks to 16 per cent and found further support on reports that the Bi-Invest/Montedison takeover tussle had reached a conclusion with the Bonomis abandoning attempts to regain control of the property and insurance group from the chemical major.

The Banca Commerciale index hit a new high for the year with a 5.80 rise to 372.64.

Bi-Invest finished the session L190 stronger at L6,000, while Montedison picked up L69 to L2,225.

Other features included Fiat, L193 higher at L4,199, just L50 short of its high for the year, while Olivetti added L107 to L6,655.

Insurers made modest progress although Toro's L525 rise to a 1985 high of L18,150 and Generali's L890 rally to L36,980, just below its high for the year, provided some isolated bright spots.

Leading banks were mixed with Banca Commerciale shedding L120 to L24,180.

Bargain hunters surfaced in Zurich after several days of relative inactivity. The buying pressure was sufficient to force several leading indices to new highs, notably the Swiss Bank Industrial index which rose 3.8 to a 12-month peak of 477.4.

Sentiment was underpinned by a

round of interest rate cuts by Swiss banks on short and medium-term cash bonds, which will result in better yields for bank shares. Late buying of banks stocks by overseas investors ensued, although many finished lower on the day. Swiss Bank dipped Sfr 2 to Sfr 4.38, Union Bank lost Sfr 15 to Sfr 4.33, and Bank Leu held steady at Sfr 3.94. Credit Suisse managed to secure a Sfr 15 gain to Sfr 3.065.

New life was breathed into insurers with a Sfr 200 jump to Sfr 13,300 for Swiss Re and a Sfr 50 fillip to Sfr 4,750 for Winterthur.

Bond sentiment was underpinned by the bank's move on medium-term notes rates.

Lively trading in Frankfurt took the Commerzbank index 6.8 higher to 1,488.1, just 25 points short of its all-time peak.

Domestic institutional buying helped offset some late profit-taking while foreign investors continued to focus on export and dollar-sensitive issues.

Cars, however, lost some of the lustre of the previous session, with VW outpacing the rest of the sector with its DM 2.20 advance to DM 335.70 as Porsche lost DM 2 to DM 1,330 and Daimler slipped DM 3 to DM 864.

Kauffhof led the stores sector with a DM 3.80 rise to DM 295, while Herta forecasting a rise in group turnover edged DM 2 down to DM 193.

Banks featured two strong showings. Bayerische Vereinsbank DM 8 ahead to DM 400 and Deutsche Bank DM 7 up at DM 585.50.

Bayer lost 80 pf to DM 223.10 despite good results and Hoechst firmed 30 pf to DM 216.80 on rationalisation proposals.

Bond prices rose by 25 basis points although some long-dated maturities posted gains of up to 35 basis points. The Bundesbank sold the market DM 42.3m of paper against Tuesday's purchases of DM 27.3m.

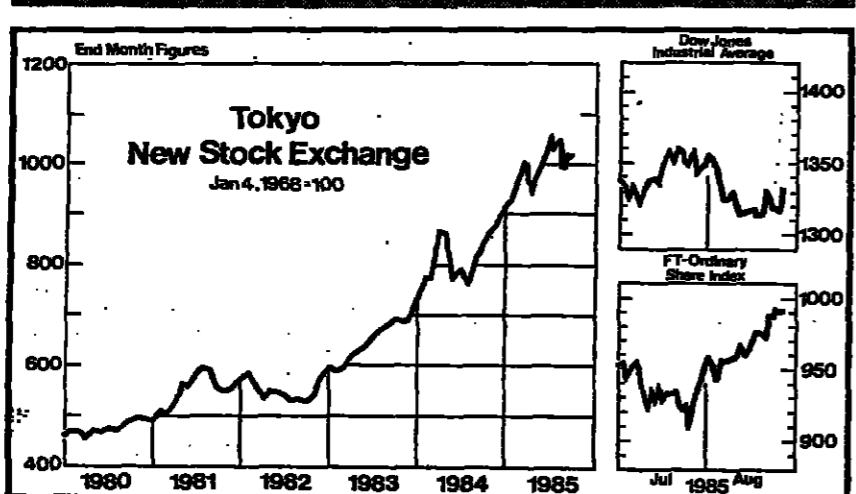
A mixed Amsterdam was awash with corporate news. Pakhoed turned FI 1.50 cheaper to FI 64 on lower first-half results, while Nat-Ned's healthier first-half showing failed to excite and the bank lost FI 4.30 to FI 73.30.

Trading in Boskalis which has fought hard to recover from recent troubles, was suspended pending an announcement.

Brussels finished higher although market leader Petrofina dipped Bfr 50 to Bfr 6,250.

Madrid eased, Stockholm was featureless with the exception of the suspension of trading in Consafe, while Paris enjoyed a broad advance led by constructions.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug 28	Previous	Year ago
DJ Industrials	1,331.09	1,282.47	1,232.11
DJ Transport	687.27	688.55	520.08
DJ Utilities	160.03	159.62	129.57
S&P Composite	188.83	188.10	167.40

LONDON	Aug 28	Previous	Year ago
FT Ord	991.3	990.1	849.8
FT-SE 100	1,308.2	1,310.8	1,082.3
FT-AI share	633.54	634.65	516.13
FT-A 500	694.24	694.38	559.31
FT Gold mines	290.4	306.8	564.0
FT-A Long gilt	10.32	10.32	10.58

TOKYO	Aug 28	Previous	Year ago
Nikkei-Dow	12,885.50	12,891.41	10,575.9
Tokyo SE	1,019.50	1,016.0	816.58

AUSTRALIA	Aug 28	Previous	Year ago
All Ord	946.9	942.0	739.1
Metals & Mins	534.8	524.8	471.1

AUSTRIA	Aug 28	Previous	Year ago
Credit Aktien	102.81	102.34	53.11

BELGIUM	Aug 28	Previous	Year ago
Belgian SE	370.75	2,361.09	-

CANADA	Aug 28	Previous	Year ago
Toronto	2,068.41	2,078.7	2,068.0
Metals & Mins	2,900.78	2,784.4	2,378.1
Composite	135.77	134.70	117.20

DENMARK	Aug 28	Previous	Year ago
SE	212.66	211.90	187.83

FRANCE	Aug 28	Previous	Year ago
CAC Gen	221.8	219.7	170.5
Ind. Tendence	126.5	126.2	90.7

WEST GERMANY	Aug 28	Previous	Year ago
FAZ-Aktien	499.89	497.96	337.75
Commerzbank	1,468.1	1,461.3	987.0

HONG KONG	Aug 28	Previous	Year ago
Hang Seng	1,668.85	1,667.30	898.91

ITALY	Aug 28	Previous	Year ago
Banca Com.	372.64	366.84	219.84

NETHERLANDS	Aug 28	Previous	Year ago
ANP-CBS Gen	217.7	217.5	164.1
ANP-CBS Ind	190.8	191.2	131.0

NORWAY	Aug 28	Previous	Year ago
Osko SE	355.73	350.87	254.44

SINGAPORE	Aug 28	Previous	Year ago
Straits Times	745.77	748.44	940.80

SOUTH AFRICA	Aug 28	Previous	Year ago
JSE Golds	-	1,037.0	957.9
JSE Industrials	-	957.8	829.4

SPAIN	Aug 28	Previous	Year ago
Madrid SE	110.72	110.98	87.71

SWEDEN	Aug 28	Previous	Year ago
J & P	332.92	1,336.57	1,480.01

SWITZERLAND	Aug 28	Previous	Year ago
Swiss Bank Ind	477.4	473.2	377.3

WORLD	Aug 27	Prev	Year ago
Capital Int'l	219.4	219.3	184.3

GOLD (per ounce)

	Aug 28	Prev	Year ago
London	\$340.00	\$334.75	-
Zurich	\$340.85	\$336.25	-
Paris (Bldg)	\$340.70	\$335.48	-
Luxembourg	\$339.45	\$335.30	-
New York (Oct)	\$342.80	\$339.00	-

- Latest available figure

CURRENCIES

U.S. DOLLAR	Aug 28	Previous	Aug 28	Previous
(London)	-	-	1.402	1.3935
DM	2.771	2.769	3.6825	3.68
Yen	236.9	237.35	332.25	330.0
FFr	8.4525	8.515	11.86	11.8475
Sfr	2.267	2.2665	3.175	3.1825
Guil	3.1185	3.138	4.3725	4.3662
Lira	1,892.0	1,865.5	2,610.5	2,592.6
Bfr	56.05	56.55	78.6	78.405
CS	1.3612	1.362	1.9086	1.8928

INTEREST RATES

Bare-currency rates (3-month offered rate)	Aug 28	Prev
£	11 1/2	11 1/2
Sfr	4 1/2	4 1/2
DM	4 1/2	4 1/2
FFr	10 1/2	11 1/2

FT London Interbank fixing (offered rate)

	3-month U.S.\$	6-month U.S.\$	9-month U.S.\$	12-month U.S.\$
U.S. Fed Funds	8 1/2	8 1/2	8 1/2	8 1/2
U.S. 3-month CDs	7 7/8	7 7/8	7 7/8	7 7/8
U.S. 3-month T-bills	7 0/8	7 0/8	7 0/8	7 0/8

U.S. BONDS

Treasury	Aug 28	Prev	Yield
8 1/2 1987	100 1/2	8.82	100 1/2
10 1/2 1992	101 1/2	9.97	101 1/2
10 1/2 1995	102 1/2	10.11	102 1/2
10 1/2 2015	102 1/2	10.39	102 1/2

Corporate

AT & T	Aug 28	Prev	Yield
10 1/2 June 1990	100 1/2	10.10	100 1/2
3 1/2 July 1990	82 1/2	8.25	82 1/2
8 1/2 May 2000	59 1/2	10.85	59 1/2

Other

10 1/2 March 1993	100 1/2	10.45	100 1
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